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TRANSCRIPT OF RECORD

Supreme Court of the United States

OCTOBER TERM, ~~1929~~ 1930

No. ~~704~~ 57

STORY PARCHMENT COMPANY, PETITIONER,

vs.

THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE FIRST CIRCUIT

PETITION FOR CERTIORARI FILED MARCH 1, 1930

CERTIORARI GRANTED APRIL 14, 1930

(34,835)

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United States Circuit Court of Appeals for the First Circuit

October Term 1928

No. 2372

THE PATERSON PARCHMENT PAPER COMPANY ET AL.,
Defendants, Appellants

v.

STORY PARCHMENT COMPANY
Plaintiff, Appellee

TRANSCRIPT OF RECORD OF DISTRICT COURT

No. 3392 Civil Docket

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY

AND

KALAMAZOO VEGETABLE PARCHMENT COMPANY

WRIT

(Filed July 10, 1928)

MASSACHUSETTS DISTRICT, } ss. THE PRESIDENT OF THE UNITED STATES OF AMERICA

To the Marshal of our District of Massachusetts, or his Deputy, to the Marshal of the District of New Jersey, or his Deputy, and to the Marshal of the Western District of Michigan, or his Deputy.

(Seal) GREETING:

We command you to attach the goods or estate of THE PATERSON PARCHMENT PAPER COMPANY, a corporation organized under the laws of the State of New Jersey, having its principal place of business at Passaic in said State, and having an agent at Lexington in the District of Massachusetts, and transacting business in said District; and KALAMAZOO VEGETABLE PARCHMENT COMPANY, a corporation organized under the laws of the State of Michigan, having its principal place of business at Kalamazoo in said State, and having an agent at Boston in our District of Massachusetts, and transacting business in said District, to the value of Three Hundred Thousand Dollars, and to summon the said defendants (if they may be found in your District), to appear before our Judge of our District Court, next to be holden at Boston, within and for our said District of Massachusetts, on the second Tuesday of September then and there, in our said Court, to answer unto Story Parchment Company, a corporation organized under the laws of the State of Michigan and having its principal place of business at Trenton in said State

In an action of tort

To the damage of the said Story Parchment Company (as it says) the sum of Three Hundred Thousand Dollars, which shall then and there be made to appear, with other due damages. And have you there this Writ, with your doings therein.

WITNESS, The Honorable JAMES M. MORTON, JR., at Boston, the fourth day of June in the year of our Lord one thousand nine hundred and twenty-eight.

JOHN E. GILMAN, JR.,

Deputy Clerk.

RETURNS

UNITED STATES OF AMERICA }
Massachusetts District } ss.

Pursuant hereunto I have this day at eleven o'clock and twenty minutes A.M. attached a chip as the property of the within named defendant corporation, The Paterson Parchment Paper Company and afterwards on the same day summoned the said defendant corporation to appear and answer in court as within directed by giving in hand to Charles H. Cashmore its treasurer and the officer in charge of its business a true and attested copy of and an original summons to this writ.

Fred C. Schneider,
U. S. Marshal.

By G. W. Lunt,
Deputy.

United States of America
Western District of Michigan } ss.

Grand Rapids, Michigan, June 20, 1928.

Pursuant hereunto I have this day at ten o'clock and thirty minutes A.M. attached a chip as the property of the within named defendant corporation The Kalamazoo Vegetable Parchment Company and afterwards on the same day summoned the said defendant corporation to appear and answer in court as within directed by giving in hand to Jacob Kindleberger, its president and the officer in charge of its business a true and attested copy of and an original summons to this writ.

Martin Brown,
U. S. Marshal.

By Goney Johnson,
Deputy.

United States of America,
Massachusetts District } ss.

Boston, July 6, 1928.

Pursuant hereunto I have this day at twelve o'clock and thirty minutes P.M. attached a chip as the property of the within named defendant corporation The Paterson Parchment Paper Company and afterwards on the same day summoned the said defendant corporation to appear and answer in court as within directed by giving in hand to Guy S. Chase, its agent and in charge of its business at Lexington in said District, a true and attested copy of and an original summons to this writ.

William J. Keville,
U. S. Marshal.

By George F. Beatty,
Deputy.

United States of America, }
Massachusetts District } ss.

Boston, July 7, 1928.

Pursuant hereunto I have this day at nine o'clock and twenty minutes A.M. attached a chip as the property of the within named defendant corporation Kalamazoo Vegetable Parchment Company by giving in hand to Chester C. Burnham its agent and in charge of its business at Boston in said District a true and attested copy of and an original summons to this writ.

William J. Keville,
U. S. Marshal.

By John J. Harvey,
Deputy.

Service $2.00
Travel .06

PLAINTIFF'S DECLARATION

(Filed July 10, 1928)

1. The plaintiff is a corporation organized in 1927 under the laws of the State of Michigan and having its principal place of business at Trenton in said state. It is, and has been since about November, 1927, engaged in manufacturing and selling vegetable parchment. Its manufacturing business is conducted at said Trenton in Michigan, but sales are made in many other States for shipment and delivery to customers in such other States. At full capacity its plant can produce 25,000 pounds of vegetable parchment per day.

2. Vegetable parchment is made by subjecting a paper, known as water leaf, to chemical treatment. The product has the appearance of parchment, and is impervious to water and grease. Its principal use is as a protective wrapper for food stuffs. The raw materials essential for its manufacture and information as to the processes employed are readily available.

3. The Paterson Parchment Paper Company is a corporation organized under the laws of the State of New Jersey and having its principal place of business at Passaic in said State. Its principal business is the manufacture of vegetable parchment and its sale and delivery to customers among the several States of the United States. At full capacity its plant produces about 100,000 pounds of vegetable parchment per day. It solicits orders for sales from customers in the District of Massachusetts, and sells and delivers to such customers in response to orders, and has an agent resident in said District who transacts business in its behalf.

4. Kalamazoo Vegetable Parchment Company is a corporation organized under the laws of the State of Michigan and having its principal place of business at Kalamazoo in that State. A large part of its business is the manufacture of vegetable parchment and its sale and delivery to customers among the several states. It produces about 20,000 pounds of vegetable parchment a day. It solicits orders for sales from customers in the District of Massachusetts, and sells and delivers to such customers in response to orders, and has an agent resident in said District who transacts business in its behalf.

5. West Carrollton Parchment Company, not a defendant here, but described for reasons which will hereinafter appear, is a corporation having its principal place of business at West Carrollton in the State of Ohio. Its principal business is the manufacture of vegetable parchment and its sale and delivery to customers among the several States. It produces from 10,000 to 12,000 pounds of vegetable parchment a day. It is not made a defendant here solely because the plaintiff has no knowledge as to any transaction of business by it in the District of Massachusetts.

6. For many years prior to the organization of the plaintiff and the establishment of its business, the defendants and West Carrollton Parchment Company were the only producers of vegetable parchment in the United States, and were practically the only persons engaged in trade and commerce therein among the several states. Their competition with each other, however, during that period was restricted by a combination between themselves by which they agreed from time to time upon the prices at which vegetable parchment should be sold and upon certain other terms and conditions of sales, and agreed not to change the prices so fixed except by concerted action.

7. The establishment of the plaintiff's business and its entry into competition with the defendants and West Carrollton Parchment Company in the sale of vegetable parchment among the several states interrupted and threatened to terminate the monopoly which they had had in such trade and commerce and the power which they had exercised by acting in combination to fix prices to consumers of vegetable parchment.

8. Confronted with the loss of their monopoly and the power effectively to fix prices, the defendants and West Carrollton Parchment Company combined and conspired to restore their monopoly, and to destroy the business which the plaintiff had established, and to exclude it altogether from the business of selling vegetable parchment among the several States. They agreed among themselves that in order to accomplish their purpose they would, acting in concert, reduce prices of vegetable parchment below a price which would yield a return to them, or to the plaintiff selling at that price, covering the reasonable cost of producing and selling vegetable parchment and a reasonable profit thereon, and thereby deprive it of its customers, or, if it

likewise reduced prices to meet their competition, exhaust its resources, which they believed to be unequal to their own, by operating losses. They agreed further to weaken and injure the plaintiff's business by disseminating among its customers or prospective customers false and disparaging information as to the quality of its product.

9. Accordingly, pursuant to the plan of the combination and conspiracy, the defendants and West Carrollton Parchment Company, acting in concert, reduced their prices; in the first instance on January 2, 1928, from a basic price of sixteen cents per pound for 40 to 50 pound substance in flat sheets to one of fifteen cents per pound, with other prices correspondingly reduced; and, again, on March 9, 1928, from the basis price of fifteen cents per pound, established on January 2, to one of fourteen cents per pound, with other prices correspondingly reduced.

The prices so fixed by the co-conspirators, acting in combination, do not permit a return to them or to the plaintiff selling its product at that price, which covers the reasonable expense of production and sale and a reasonable profit thereon.

The co-conspirators, further, in accordance with the plan adopted have caused statements to be made by their agents to customers and prospective customers of the plaintiff that the plaintiff's product was inferior in quality; that the ink with which it was printed was poisonous and would spoil the food products with which it was wrapped; and that the plaintiff was without adequate resources to continue to do business, and would be in business only a short time; all of which statements were false, and all except the last of which were known to the defendants to be false, but all of which tended to weaken and injure the plaintiff in its business.

10. As a result of the acts of the defendants and West Carrollton Parchment Company in pursuance of the combination and conspiracy the plaintiff has suffered damage. It has been compelled to sell its products at the prices fixed by the co-conspirators in order to make sales and to complete sales made, and has thereby lost the profits which it would have made at reasonable prices, in fair competition, and has sustained operating losses. It has been compelled to curtail production and sales which it would have made, in fair competition, were reasonable

prices prevailing, in order to reduce its operating losses, and has thereby lost profits which it would have made at reasonable prices. Its reputation and that of its product has been injured. The value of its business and the value of the assets therein have been diminished.

WHEREFORE, the plaintiff demands judgment for threefold the damages by it sustained, and the cost of suit, including a reasonable attorney's fee, in accordance with law.

By its Attorneys,

SHERMAN L. WHIPPLE,
EDWARD C. PARK.

DEFENDANTS' ANSWER

(Filed July 25, 1928)

1–5. The defendants, The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company for answer in the above entitled case admit for the purposes of this case but not otherwise, the allegations of the first, second, third, fourth and fifth paragraphs of the declaration.

6. The West Carrollton Paper Company and the defendants severally have been producers of vegetable parchment, the Paterson Company since 1885, the West Carrollton Company since prior to 1900, and the Kalamazoo Company since 1909. There have been other concerns engaged in trade and commerce in vegetable parchment in several states during portions of this period. The competition between these three manufacturers has been keen. It has not been restricted by any combination between them.

7. The establishment of the plaintiff's business and its entry into competition with these three concerns did not interrupt or threaten to terminate any monopoly of these three. They did not have a monopoly. They did not combine in fixing prices or otherwise or fix them in combination or otherwise.

8. These three concerns were not confronted with a loss of their monopoly or their power to fix prices. They did not have a monopoly. They did not have this power. These three did not, nor did any of them, combine or conspire to create or to restore any monopoly, or to destroy the business which the plaintiff had established, or to exclude the plaintiff from the business. These three did not agree among themselves or otherwise, nor did any of them, to reduce prices for the alleged or any other purpose. These three did not, nor did any of them, agree to weaken or injure the plaintiff's business by disseminating among its customers or prospective customers false or disparaging information as to the quality of its product.

9. These three did not acting in concert reduce their prices, either pursuant to or not pursuant to any plan. There were no prices fixed by any co-conspirators acting in combination or otherwise. Neither of the defendants has reduced prices except as required to get custom and to meet competition. The de-

fendants have not in accordance with any plan or otherwise, caused statements to be made by their agents to customers or prospective customers of the plaintiff that the plaintiff's product was inferior in quality or that the ink with which it was printed was poisonous or would spoil the food products with which it was wrapped, or that the plaintiff was without adequate resources to continue to do business or would be in business only a short time, or any false statement concerning the plaintiff or its business.

10. The plaintiff has not sustained any damage as the result of any unlawful act on the part of the defendants or either of them.

THE PATERSON PARCHMENT PAPER COMPANY
KALAMAZOO VEGETABLE PARCHMENT COMPANY

By their Attorney,

EDWARD F. McCLENNEN.

July 25, 1928.

ALTERNATIVE VERDICT

(January 26, 1929)

The jury find for the plaintiff and assess damages in the sum of sixty-five thousand dollars ($65,000).

But if, as a matter of law, the plaintiff is not entitled to a verdict, then the jury find for the defendant and consent that this alternative verdict may be entered on order of the United States District Court, for the District of Massachusetts, or of the United States Circuit Court of Appeals for the First Circuit, or of the Supreme Court of the United States, with same effect as if returned by them.

(Signed) FRED N. POSSON,
Foreman.

MOTION FOR TREBLE DAMAGES AND COSTS OF SUIT, INCLUDING A REASONABLE ATTORNEY'S FEE

(Filed January 30, 1929)

Now comes the plaintiff in the above entitled action and moves that the Court direct the Clerk, in entering judgment in said action, to treble the damages established by the verdict, and add thereto the costs of suit, including a reasonable attorney's fee, and that the Court find and establish the amount of such attorney's fee.

By its Attorneys,

SHERMAN L. WHIPPLE,
EDWARD C. PARK.

Mar. 18, 1929.

The above motion to treble damages is allowed and I fix in addition to costs $27,500 as a reasonable attorney's fee.

E. H. B.
U. S. D. J.

JUDGMENT

On the 18th day of March, A.D. 1929, the following judgment is entered on the alternative verdict by special order of the court:

Judgment

(March 18, 1929)

Thereupon, to wit, March 18, 1929, it is considered by the court that the said Story Parchment Company plaintiff, recover of the said The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company, defendants, the sum of one hundred ninety-five thousand dollars ($195,000) damages, together with interest amounting to one thousand six hundred ninety dollars ($1,690.00), and the further sum of twenty-seven thousand five hundred dollars ($27,500) attorney's fee, and its costs of suit taxed at

Note

Defendant's motion for a verdict for the defendants and exception to the denial thereof by the court, appear at page 594 of the bill of exceptions.

Defendants' motion to set aside verdict for plaintiff and exception to overruling thereof by the court appear at page 605 of the bill of exceptions.

District Court of the United States for the District of Massachusetts

No. 3392 LAW

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY

AND

KALAMAZOO VEGETABLE PARCHMENT COMPANY

DEFENDANTS' BILL OF EXCEPTIONS

The pleadings are made a part of this bill of exceptions.

The trial before Judge Brewster and the jury was begun on January 2, 1929 and ended on January 26, 1929.

The plaintiff introduced the testimony by deposition, of Albert F. Leonhard, Charles H. Cashmore, Jacob Kindleberger, Alfred Southon and Miles E. Moyer, and the testimony in person of Milton Edward Goldmann, Alva Townsend Story, William A. Stearns and Ezra Levin.

The defendants introduced no oral testimony, but did, however, offer certain documentary evidence, as hereinafter appears, through the witnesses called by the plaintiff.

The documentary evidence has been rearranged in this bill of exceptions in its chronological order in so far as the exhibits bore dates. The undated documents have been separately assembled. Exhibits from the files of The Paterson Parchment Paper Company are marked with the letter "P" preceding the exhibit number; those from the Kalamazoo Vegetable Parchment Company are marked "K"; those from the West Carrollton Parchment Company are marked "W"; and those from the Story Parchment Company are marked "S". Exhibits introduced by the defendants are marked "Dft's.Exh." All exhibits not so marked were introduced by the plaintiff.

The plaintiff introduced the letters and other exhibits from the files of the Paterson, Kalamazoo and West Carrollton companies (through the depositions of officers of these companies), without any objections by the defendants, and without request from plaintiff or defendants that any limitation be placed upon their probative effect.

After the reading of the depositions, with the accompanying exhibits, the plaintiff, through the witness Goldmann, offered testimony to contradict a statement contained in Exhibit P-296, a letter dated November 18, 1927 from Cox (Paterson Company's salesman) to Cashmore (Paterson Company's Sales Manager), reporting an alleged interview between Levin (an officer of the plaintiff company) and one Hollis, a prospective customer. Defendants' counsel objected. The Court sustained the objection, stating that the letter was not evidence that Levin made the alleged statement to Hollis.

Thereupon the following colloquy occurred:

"THE COURT. I think I am prepared to rule that it is immaterial whether the statements contained in the letters are true or false.

Mr. WHIPPLE. And does that go to the extent of saying that the statements are no evidence of the fact? Because if they are to be accepted as any evidence of the fact, then we should want to contradict that evidence, or modify it.

The COURT. No. They are not evidence of the fact. They are evidence of what information was transmitted to Mr. Cashmore, taking the letter that we have before us as an illustration.

Mr. WHIPPLE. There are some twenty-five or thirty of them, your Honor remembers.

The COURT. Yes.

Mr. WHIPPLE. Some in regard to what Koch is said to have stated, and some with regard to what Levin is said to have stated, and if the ruling applies to all of them, and Mr. McClennen accedes to the ruling, we are content to have it taken in that way, although it would be our duty to call to the attention of the Court, I suppose, some cases that would indicate that the authority was the other way.

Unless there was that restriction as to the admissibility, or restriction in the use of the evidence by the Court, they might be used for their ordinary probative effect, even though hearsay, and therefore I think I am justified in asking Mr. McClennen if he agrees in that ruling which his Honor has just stated, that is, that the declaration in the letters you will not argue are evidence of the facts there stated, but only as to the information on which you claim that your clients in good faith acted? I wouldn't ask it, except for the cases we have to the contrary, which Mr. McClennen might later cite, so that there might not be uniformity in the rule as applicable to all the letters.

The COURT. Well, you say that I am wrong in my ruling?

* * * *

Mr. WHIPPLE. I think that your Honor has the right now to limit.

The COURT. It seemed to me as these letters came in that the only place they had in this trial was to show what information was brought home to the defendants, and they were letters between the defendants and a salesman representing that defendant. They were not to the plaintiff. And if they have any place here at all, it is only because they can show what the defendants did and what information they had to act on. * * * I think that where, for instance, Mr. Cashmore wrote to Mr. Cox that he was planning to grant, or gave him some instructions, we will say, to grant some concession to meet Story's prices, if that was the case, that would be only evidence of the fact that Cashmore instructed Cox to do it, and I suppose those letters are all admissible and properly received in evidence. But it seemed to me that they should all be taken with an important limitation. Now, if you do not agree with me, why, that is another thing we can settle.

Mr. WHIPPLE. What your Honor has just stated I agree with exactly, but here we have a case where there is a letter stating that Ezra Levin said a certain thing. Now, if that letter is to be taken as evidence that Ezra Levin did say that, we want to contradict it.

The COURT. I do not think it should be received as evidence that Ezra Levin said that. It is hearsay. It is no admission from Ezra Levin or from your company, or anybody else with authority to say that Ezra Levin said that.

Mr. WHIPPLE. Now, I agree with that. But there are cases which are authority the other way. I would not say that your Honor was wrong about it, but Mr. McClennen may cite those later, and say that under the law he claimed the right to argue that those statements, uncontradicted by Mr. Levin when he took the stand, or by Mr. Goldmann, were some evidence that they did say those things; and then, having called the cases to your Honor's attention, he might think that they called for a modification of the rule, and therefore I ask Mr. McClennen now if he assents to that, so that we will know what is our charge.

The COURT. It is important that I make a ruling that will stand from this time on to the end of the case.

* * * * * *

The COURT. Well, let us hear what Mr. McClennen has got to say about my ruling. * * *

Mr. McCLENNEN. * * * I cannot make a categorical answer to Mr. Whipple's inquiry, but I can say this, which I think fully answers it. I conceive that it is important to show the information which the defendants had concerning what the Story Company was doing, particularly with respect to prices on which the defendants acted, for the purpose of showing that the defendants gave concessions and reduced their prices because they understood that it was necessary to do so in order to keep their trade or to get trade, and not for the purpose of doing any injury to the Story Company. I conceive it to be entirely unimportant whether the information that they got was true or not, or whether it was authorized by the Story Company or not, and I do not propose to argue on any fact which I conceive to be immaterial.

Now, to make that concrete, in this Hollis & Duncan case it is of importance that the Paterson Company was informed that Hollis said that Ezra Levin said so and so. It is no evidence, because Hollis said that, that Ezra Levin

did say that, and it is wholly immaterial whether or not Ezra Levin said it. Now, I think that makes perfectly clear the position that we take.

The COURT. Well, that was the view that I tried to express.

Mr. WHIPPLE. I think that covers the matter, and the only thing I should add would be that inasmuch as when the testimony went in there was no restriction as to its application, your Honor will make that restriction operative as of the time that it went in that your Honor now rules,—

The COURT. Oh, yes.

Mr. WHIPPLE. —with regard to it, because while if it were left without any restriction there might be some doubt, I do not think there could be any doubt that your Honor has the right at any time to place that restriction upon it, if it is called to your Honor's attention. Well, I think that will cover that situation, which will eliminate the necessity of going over and reviewing some, at least, of the correspondence." (R. pp. 374-378)

The exhibits follow:

EXHIBIT K 144

Undated. Probably March, 1928. DesAutels to Southon:

ANALYSIS OF STORY'S PEARL PARCHMENT

We give you herewith the results which we have been able to obtain in our analysis of the Story Parchment Company's Pearl Parchment.

BASIS WEIGHT — (24" x 36" — 500) — 34½ lbs.

BURSTING STRENGTH:

Dry — 28.8

Wet — 8.8

Ratio, wet to dry — 0.355

TEARING STRENGTH:

Machine direction 26

Cross " 28

GREASEPROOFNESS:

Very good; better than KVP Regular 40 No. Parchment, but not quite as good as KVP 40 No. Special Lard Liner Parchment.

ASH: 3.5%

Comments:

You will note the high bursting strength of the dry sheet and the low bursting strength of the sheet when wet.

The tearing strength is rather high for this weight of Parchment.

This sheet has an exceptionally high ash content for Parchment.

FIBER ANALYSIS:

We find no rag pulp in this paper. Attempts to identify any unbleached pulp in this Parchment have so far been unsuccessful due to the fact that such analysis for parchmentized paper seems to be impractical.

COLOR:

The sheet has a dark appearance as if it may have been made from unbleached pulp.

A PARCHMENTIZED PAPER:

We feel satisfied that Pearl Parchment is true Parchment Paper and base our opinion on the following results:

1. The excellent greaseproofness of the sheet.
2. The fact that its wet bursting strength, although low, still is much greater than Greaseproof or other such papers would have.
3. In the flame test this paper does not blister like Greaseproof or Glassine.
4. Under the microscope, in the fiber analysis, the stock has the appearance of fibers from a parchmentized sheet, and there is considerable non-fibrous material material present, of the same type which we regularly find in fiber analyses of Parchment Papers.

ANALYSIS OF ASH:

Because of the unusually high ash content we have carefully analized the ash and find Calcium, Aluminum and Sulfates present, with Chalk, Barium, Silicates and Zinc absent.

This indicates the presence of Calcium Sulfate or Crown Filler in the waterleaf, which lead us to wonder if a little filler was used in order to get a better closed-up sheet, but such use of this kind of filler would weaken the paper, which is contradicted by the high dry bursting strength and tearing strength values.

Perhaps just a little filler is being used to make the sheet more opaque and also, therefore, perhaps to make it appear a little whiter.

It may be noted that Story's regular grades of Parchment (not Pearl Parchment) however, do not show higher ash content than other makes of Parchment.

The Aluminum content is not readily explained unless it indicates the use of alum in the manufacture of the waterleaf, to which our finding of the presence of sulfates would correspond. Aluminum acetate, the acetate part of which would burn off in ashing so as not to show anything more than aluminum in the tests which we have made, is a material used in waterproofing processes. But we scarcely believe that this has been done with Pearl Parchment because sufficient parchmentization to give such a good greaseproof sheet, would, at the same time, make the paper fully resistant to disintegration by water without need for any other waterproofing treatments.

OTHER TESTS:

Further tests show the absence of rosin, starch and glue. The test for zinc mentioned above was made with the thought that if by chance zinc chloride has been used in place of sulfuric acid for parchmentizing this sheet, and not completely washed out, that we might also get an indication of its use, but as stated, this test was negative.

EXHIBIT K 187

Letter. Not dated, Kindleberger to Dear Miles.

It seems like Jim Greenlee is getting very, very impatient and quite excited.

Personally, I think the buyers at the yards are having a lot of fun with both Jim and Moody.

Enclosed find a copy of a letter I have just written to Jim. I think it is about time we were taking the fear out of these men.

EXHIBIT P432

Memo. Undated, Kindleberger to Paterson Co.
Just thought you would like to see this. It came in today from one of the Paper Jobbers, — J. Kindleberger.

STORY PARCHMENT COMPANY

Trenton, Michigan

SALES FACTS — SELLING HELPS

Vegetable Parchment is the resultant skin-like substance obtained by the conversion of pure, white, unsized and unfinished paper called "Waterleaf."

Waterleaf is converted into Vegetable Parchment by being drawn through solutions of Sulphuric Acid, which operation by its chemical action, transforms the vegetable fiber of the paper into an altogether different substance resembling the animal skin, in its appearance and for its usefulness.

Although the parchment still retains, somewhat, the appearance of paper it is most remarkable for a wet strength which no paper can have. It has the stretch, wet, of a chamois skin.

Thorough conversion of the paper produces a greaseproof sheet: the combination of high wet strength and the greaseproof quality can be found in no other paper. It covers the wet product but allows it to "breathe." Story Parchment allows ventilation but prevents contamination.

Story Vegetable Parchment is white and completely greaseproof. No other paper will combine these two qualities. Story Vegetable Parchment is greaseproof when wet. No other paper will stand this test.

The development of Story Pure Vegetable Parchment has registered the greatest step in advance that the industry has witnessed during the sixty years that have elapsed since the first Vegetable Parchment was produced.

Scientific tests, conducted through the foremost laboratories of America, show that Story is the Vegetable Parchment of the future: Story is 100% Parchment and today is the standard by which all other parchments are to be measured.

The "Perfection" of Story Parchment has better qualified this wonderful sheet for the many uses for which Vegetable Parchment is intended.

For both insulation and the preservation of perishable food products Story has no equal.

Sensitive butter, quick to take on every off flavor and every bad odor, can only be wrapped in pure vegetable parchment.

Story Vegetable Parchment is alkali-proof, brine-proof, acid-proof. No other one paper will stand all these tests.

Story Vegetable Parchment will not disintegrate in cold or boiling water; in cold or hot brine; in cold or boiling grease. No other paper has such resistance.

Story Vegetable Parchment is odorless and tasteless while wet and dry. No other paper is likewise.

Story Vegetable Parchment strips from ice cream without tearing. It is clean, tasteless, colorless; shows design and printing to excellent advantage. For ice cream it is supreme.

Story Vegetable Parchment wrapped around vegetables and fruits prevents them from wilting. Keeps them crisp, cool; allows the plant heat to escape, and lengthens their fresh life.

Story Vegetable Parchment, when wrapped around meats, allows ventilation, thus preventing staleness. It is the ideal meat wrapper.

Story Vegetable Parchment Parchment will hold pickles, herring, cheese. No other paper will stand up under this test.

It takes from two to five sheets of any other paper to wrap meats, fish, butter, lard, pickles, herring, sauerkraut. One sheet of Story Vegetable Parchment is better and costs less.

Story Vegetable Parchment is the ideal insulator for use in the refrigerator for wrapping all foods to prevent contaminating each other.

Story Vegetable Parchment is the food wrapper without comparison.

There is not an item in a grocery or meat shop from sauerkraut to liver that one thin sheet will not carry.

Story Vegetable Parchment is a high quality paper for the high quality food product.

Because of the absence of Sulphides and other minerals, Story Parchment alone makes the ideal wrapper for metals. It prevents tarnish on silver and corrosion on steel.

Celery is wrapped in wet parchment when it is shipped great distances — it stays fresh.

Cuts of meat lose much weight in storage unless wrapped in Vegetable Parchment.

A simple demonstration of Story Vegetable Parchment, by comparison with other parchment will show the superiority of Story. Wet a sheet of Story and compare its appearance with others: if no testing machine is available, test its pulling strength by the hands.

Compare the color and texture of a dry sheet of Story Parchment. Notice that Story is parchmentized 100%. The others have a flaky appearance and even show the formation of the original waterleaf through screen marks, clearly demonstrating that that part of the fiber has never been touched by the acid. Consequently is not parchmentized, is not greaseproof and cannot have a lasting wet strength.

Pour a few drops of typewriter oil, or kerosene upon a sheet of 30 No. parchment, any other make, and spots of oil, or grease, will show on the other side almost immediately.

Pour the same oil on Story and show the difference.

Story Pure Vegetable Parchment has been adopted by the largest creameries and butter manufacturers in America, both East and West. This was done onlyafter exhaustive tests of the quality of Story Vegetable Parchment, and by comparison with vegetable parchment made by all other manufacturers.

The transparent appearance of Story Vegetable Parchment adds great selling attractions to its acknowledged protective value. Every careful butter and ice cream manufacturer will insist upon having Story Quality when he makes a test.

The Institute of American Meat Packers, comprising 325 of the largest institutions in the world, has recommended, has adopted, and members are now using, Story Vegetable Parchment. Armour and Swift are packaging their finest products in Story Vegetable Parchment.

The largest silverware manufacturer, uses Story and is highly pleased with results attained. Story is the only Parchment that prevents tarnish.

The largest makers of vegetable parchment bags for lining lard cartons, etc., are using and recommending Story in flattering terms.

The Detroit Testing Laboratory, a concern of thirty years standing, submits the following findings.

All Vegetable Parchment Manufacturers

	X	*Y*	*Z*	*Story*
Ream Weight	30.51	28.85	29.81	28.35
Ash	.275%	.205%	.243%	.158%
Mullen Test	14.7	21.8	15.3	23.8

"Ash" content represents all "foreign matter" not parchmentized. Notice the ash content in Story is very much lower than that in the parchment made by other mills. This is of vital interest to butter packaging concerns.

STORY PARCHMENT CO.

Trenton, Michigan.

EXHIBIT P100

Letter. December 3, 1924. Dohan to Brunner.

Referring to your recent inquiry in regard to the decision in the Pittsburgh Plus case, I thought you would be interested in an article on the subject in the American Bar Association Journal for November 1924, which I am sending by this mail.

The practice there objected to was in making arbitrary or fictitious rates of freight, that is, if delivery was made from the Chicago plant the customer paid the f. o. b. Pittsburgh plus rate to Chicago.

The scheme was a very ingenious one, but, as you will note, the article is worked out to the injury of competitors in certain districts and was no doubt designed for that purpose.

I do not think the decision in any way affects any practice of your company, because the Pittsburgh Plus case was brought against U. S. Steel and its subsidiaries. Two of the respondents are not stated to have been subsidiaries of the U. S. Steel but appear from the context to have been such; in other words, the practice was that of the U. S. Steel and its subsidiaries although the decision would have been equally applicable if the custom had been that of other companies in conjunction with the U. S. Steel group.

I understand your practice is zone delivery, and if one zone should include e. g. all territory between Pittsburgh and Chicago, possibly a consumer located in the Eastern part of that zone might complain about paying a greater freight rate than the actual rate from your plant to his delivery point. Theoretically he would be correct, but the deliveries are relatively so small as compared with the steel case that I do not think any danger is to be apprehended of such action on the part of any customer. Moreover, the amount involved would be so small in any particular case that I question whether the Commission would give it much, if any, attention.
The decision is very interesting (and beneficial) and I think that it marks the entrance of the Commission into an active participation in business affairs.

EXHIBIT P98
Letter. January 2, 1925. Brunner to Dohan.
Mr. Hans Wrede in Berlin has been in our employ for about twenty years. He mailed us a letter dated December 17th of which we herewith hand you a copy which will be of interest to you.
He is also gathering samples and information as to the wholesale and selling prices of Vegetable Parchment Paper in Germany. Thought this copy of letter might be of real interest to you at the present time.

EXHIBIT P99
Letter. January 6, 1925. Brunner to Dohan.
We received your letter of December 3rd in reference to the Pittsburg Plus Cost which we have had an opportunity to study. It has been on Mr. A. F. Leonhard's desk and that is the reason it has not been returned to you.
We are returning the journal to you under separate cover today. We have read this carefully and assure you it is an interesting problem.
mailed u. s. c.

EXHIBIT P101
Letter. January 12, 1925. Brunner to Dohan.
We are attaching herewith a report from the Department of Commerce, and call your attention to the fourth paragraph.
enc.

EXHIBIT P105

Letter. January 12, 1925. Dohan to Glessner.

After seeing you quite frequently, we now seem to have become strangers. I was talking to Mr. Brunner a few days ago on the train from Cincinnati and asked him about the operation of Midvale settling basin. Mr. Brunner was not very familiar with the details, but said they have had a great deal of trouble with soft paper during the Summer due to the heat in the water on account of its use by Midvale for purposes which brought it up to a high temperature.

I am somewhat shy about going out to the country while there is snow on the ground or else I would take a run up there and have a talk with you on the ground. Perhaps I may do so in Spring, but if, in the meantime, you have an opportunity when you are in Philadelphia, I will be very glad to have you stop in and take luncheon with me so that I can talk the matter over with you.

EXHIBIT P104

Letter. January 14th, 1925. Glessner to Brunner.

Attached find copy of exchange of letters between Mr. Dohan and the writer, which I hope we have handled to your satisfaction.

Encs. MFG/F

EXHIBIT P106

Letter. January 14th, 1925. Glessner to Dohan.

I have received your letter of the 12th inst. and note what you have to say with reference to conversation between yourself and Mr. Brunner in connection with operation of Midvale Settling Basin. I am afraid you misunderstood Mr. Brunner's statement, which as I read your letter, was to the effect that we were having a great deal of trouble with soft paper during the past summer due to the heat in the water, on account of its use by Midvale. The fact is, the Midvale plant was practically idle all summer and we had unusually good water conditions, as conditions go, here at Modena. It was only within the past month or so that they started to operate one blast furnace. They now have two in operation, putting the second one on just last week, so I would hesitate to place the blame for soft paper on the operation of the Midvale plant, especially during the past summer.

I thank you for your kind invitation and really will try to find time to stop in one of these days I am in the city.

EXHIBIT P102

Letter. January 14, 1925. Brunner to Dohan.

Believe I made a statement regarding the time of our receiving our checks with discounts, and it was made without real facts, and want to apologize for making this statement because it was so far from the real facts.

Discussing the matter with our Mr. Cashmore today, we keep a careful record by the month as to how these payments are coming thru, and it seems that the condition has improved the last couple months with us. In the past few months 80 percent of our patrons have mailed checks within the ten-day period, and 20 percent beyond the ten-day period. It seems the same class of people constantly pay us promptly; then again the same class of people do not pay us promptly; also our payments from customers of accounts 60 days and more past due are becoming less and seem to be spread wider apart.

Thought you would be interested in having this exact information as to the experience we are having at present.

Copy to MEM:FM

EXHIBIT P108

Letter. January 27, 1925. Dohan to Brunner.

I am going to Toledo on Wednesday at 3:00 on New York Central. Will be at W. E. Shuttleworth & Co., West Broadway, Franklin & Varick Streets, after 10:30.

Will be in Toledo at least until Saturday night, and thought of going up to Kalamazoo.

EXHIBIT P103

Letter. January 27, 1925. Brunner to Dohan.

We are reading copies of letters sent us by Mr. Glessner. You also have copies of these letters, and what we want to do some day is to have a meeting in Philadelphia, say the week after the Paper Convention.

How would it do if we have a meeting during the week beginning February 9th, and have all together at this meeting.

Very glad you have written Mr. Glessner about it, but evidently he does not quite read between the lines what you have in mind. We don't suppose it is likely that we will have a meeting of our friends during the Paper Convention week in New York. Have heard nothing from them nor from you regarding this thought. It would be a fine opportunity to have a nice meeting.

EXHIBIT P107

Letter. January 28, 1925. Brunner to Dohan.

Have your letter of January 27th, and are so delighted when you say that your are thinking of going to Kalamazoo, and hope you can really make a special effort to do so.

It is quite evident that none of our competitors are coming to the Paper Trade Convention this week. You know, it is a great mistake for our competitors to stay away from these meetings.

As you know the Import Committee will have headquarters in a special room at the Waldorf, and there is a whole lot of notice and interest taken in this Import Committee.

You can do so much with J. K. and if there are a whole lot of things wrong at this end of the line, we want an honest, square confession from you. There should be real co-operation and unity. You are a wonderful peace-maker and you can do some great work especially with the imported paper proposition being on the carpet, we may have to think a little bit different about all these affairs.

EXHIBIT P109

Letter. February 5, 1925. Brunner to Dohan.

Are returning this carbon copy. This is evidently for your files.

EXHIBIT P110

Letter. February 7, 1925. Brunner to Dohan.

You have noticed an advertisement in the American Paper Merchant, paper known as Fletchers Mitch Parchment, made by the Fletcher Paper Company. Of course, their claims are so untruthful that we do not think it will have any sales effect on Vegetable Parchment Paper.

However, we immediately made a protest and submitted our case to the Associated Advertising Club of the World. They have heretofore done some wonderful work when we referred matters to them where misrepresentation existed, and we think they will be doing some wonderful work for the industry in this particular case also.

Copy to FM:MEM:AHV

EXHIBIT P113

Letter. February 16, 1925. Brunner to Dohan.

We are attaching herewith a memorandum dated Feb. 10th from our Mr. Coxin San Francisco together with copy of our reply to him with clipping attached for your careful study and information.
Am attaching a copy of letter received from Mr. Del Croix dated Feb. 3rd. You will be interested in reading what he has to say regarding the situation on the other side.
copy and clipping enc.

EXHIBIT P111

Letter. February 17, 1925. Brunner to Dohan.

We are attaching a copy of letter we have written to the Associated Advertising Clubs of the World on the subject of Mitch Parchment. We are sending this copy to you just for information.
copy

EXHIBIT P112

Letter. February 18, 1925. Dohan to Brunner.

I am interested in the letter from Mr. Del Croix with reference to the foreign parchment situation and the effect of conditions on the American manufacture. While it does not give very much specific information, I nevertheless feel that it indicates advancing costs for foreign mills which will probably be reflected in their domestic price. This in turn will lead to an advance in their domestic market, but probably will not be reflected in an advance in American markets.
The more they widen the difference between their domestic market and their American market the better for our purposes, because this would be the foundation of dumping.
I would suggest that you send a copy of that report to Mr. Bullock for his file.

EXHIBIT P115

Letter. February 19, 1925. Brunner to Dohan.

We attach herewith a letter from Mr. Bullock dated February 18th, and you will note the correspondence from the Department of Commerce.
The report is really amusing when you consider that Delcroix is shipping paper into the United States, and in fact is making a big strike to get the Boston business just now.
You will be interested in reading this report from the Department of Commerce.
enc.

EXHIBIT P114

Letter. February 20, 1925. Dohan to Brunner.

I have your letter of the 19th enclosing Mr. Bullock's copy of report to the Department of Commerce which I have not yet had time to go over.

Inquiry was made of me yesterday in regard to the sale of Glen Mills with the intention of starting up a parchment plant. If they do, I am sorry for them.

I understand that there is a large sale at very profitable prices for parchment paper for use for transfer purposes in vulcanizing the names on rubber tires for automobiles. The claim was made that it was the only kind of paper that could be satisfactorily used for this purpose, and even then it had to have special qualities which only the Diamond State had been able to produce. It was also said that a very good price could be obtained for it. My recollection is that it was in the neighborhood of 50¢ a pound. The paper is made in 40 inch rolls and shipped to a printer in Akron, Ohio, who seems to have the peculiar kind of ink and to know other peculiarities required in the handling of the paper for this purpose. It might be worth looking up.

You spoke of selling waterleaf. If I can be of any assistance in that matter, let me know.

EXHIBIT P117

Letter. February 25, 1925. Dohan to Brunner.

I enclose letter received from American Consul at Lyon, France, which it might be advisable to have worked down to the American equivalent and copy of original and equivalent placed in Mr. Bullock's file. These may have some value at a later date. I was obliged to come back on account of an injunction Bill here and could not extend my travel.

Enclosure.

EXHIBIT P116

Letter. February 26, 1925. Brunner to Dohan.

We have your letter of February 23rd. Sorry that you have been delayed on your trip West.

The letter from the American Consul Service at Lyon, France, we will send to Mr. Bullock and then he can make a copy of it and return the original to you.

EXHIBIT P118

Letter. March 6, 1925. Dohan to Brunner.

I am going out West again, and in case I have an opportunity do you wish me to take up the matter of waterleaf? If so, I understand that you could furnish 80 in. from Edgely but do not know whether you could furnish it from Modena.

It might be advisable if you would let me know the prices on the various weights.

I heard that Lincoln Paper Co., Inc., of Elkhardt, were using imported rag pulp. Do you wish me to ascertain where they get it?

EXHIBIT P119

Letter. March 16, 1925. Dohan to Moyer

I wish you would let me know definitely your plans about New York, that is, when you will be there, where you will stay, and when you will be free.

EXHIBIT P120

Letter. April 2, 1925. Dohan to Dear B: (Brunner.)

My talk yesterday afternoon was not satisfactory. I can give you the details later.

You spoke sometime ago about taking up with me the question of a retainer, or annual fee. I suppose we have to go to it sometime sooner or later, and I might as well approach it with frankness.

It, of course, is a question of how much the services are worth. It would seem to me that $1,500 would be a reasonable amount, and that it ought to be worth that much, that is, it ought to do the amount of good equal to that money.

Please feel perfectly free to discuss the matter without any embarrassment.

EXHIBIT P121

Letter. April 20, 1925. Brunner to Dohan.

Here is a letter from the Import Committee dated April 18th after writer called on them.

Also hand you herewith the same memorandums given to Mr.

Hecht. He asked the question if we can obtain the name of the dealer who is offering the paper.
Do you want to handle this? Think perhaps it would be better if you write to J. K. as well as to Mr. Moyer and ask them for that information. Or do you think we should ask the Import Committee to write them?
Whatever you think it is wise for us to do to get this information should be very glad to have your suggestions.
Enc.

EXHIBIT P122
Letter. April 28 1925. Brunner to Dohan.
We are enclosing herewith our check for $500.00. In event that you do not get sufficient from the other party to make up the $1500.00 we will be personally responsible for the balance, but we rather think Mr. J. K. will come forward with $500.00.
check enc.

EXHIBIT P420A
Bill. April 29, 1925. Dohan to Paterson Parchment Paper Co.
To Professional Services in re Parchment Imports and Tariff
$500.00
Received payment, Jos. M. Dohan.

EXHIBIT P123
Letter. April 29, 1925. Dohan to Brunner.
I have your kind letter of the 28th with its enclosure of check for $500., for which please find receipted bill enclosed. Both the Import situation and the Tariff are matters that will have to be very closely watched, and I hope to be of service in these matters to the manufacturers.
Looking forward to seeing you at the conference on the Import situation, I am
Enclosure

EXHIBIT P124
Letter. May 5, 1925. Dohan to Brunner.
I heard rather disquieting news today to the effect that what was represented as an extremely large importation of vegetable parchment had come into this port. I have not yet gotten the details so that it is all very vague, but I thought it best to write you at once so that you could give Mr. Bullock or Mr. Hecht the information for such action as he can take upon it.

The information given to me was that a party here who had been using domestic paper had received a delivery of 83 bales out of the import referred to. From the way it was spoken of to me, it sounded like a whole shipload.
Copy to Warren B. Bullock, Esq.

EXHIBIT P125
Letter. May 11, 1925. Dohan to Brunner.
Pursuant to arrangement made with Mr. Cashmore and his letter May 5th in regard to taxes, I met Mr. Cashmore in Bristol on Friday morning.

Thursday night I called up Mr. Eastburn and had a talk with him, and at first he thought that the assessment of the 14 Acres was too high and could be reduced but when he met me at Bristol Station on Friday morning he told me that he had since recalled that six houses were built on that property and that he felt certain that we would not succeed in getting any reduction.

The system of taxation is to assess all lands and improvements together, whereas I understand that in New Jersey they assess them separately and came to the conclusion that Mr. Cashmore had this in mind. This he verified.

In the township in which your mill is located the endeavor is to assess the properties at approximately 60% of their value, and as you paid, in round numbers, $900. an acre for the 14 Acres and put improvements on it consisting of six houses at, say, a cost of, say, $6,000. each there would be a total value of $48,600 of which 60% would be $27,160. so you see that you come out fairly well on that.

In reference to the 56 Acres, I do not think there can be much hope of contending that 60% of the value of the land and buildings (excluding all machinery) is less than $150,000.
I was first inclined to think that perhaps Mr. Grundy resented any new industry coming into the neighborhood, with its consequent effect on the labor market, but Mr. Eastburn informed me that the Township Assessor was a political foe of Grundy, and that Grundy had tried to defeat him in the last election but without success. He also said that this Township Assessor would probably be elected two years from now for a further term of three years.

Assessments are made every three years, so this present assessment will run for three years from date. On the whole, Mr.

Cashmore agreed with me that it was inadvisable to disturb the situation as it was without prospect of success and might do more harm than good.

EXHIBIT P126

Letter. May 12, 1925. Brunner to Dohan.

Have your letter May 11th and when Mr. Cashmore arrived at the office he brought us such a very fine report of the delightful visit he had with you. We feel as tho we are very fortunate in the way the tax proposition has come out at Edgely. Your efforts in this are very much appreciated, Mr. Dohan.

EXHIBIT P127A

Letter. May 18, 1925. Dohan to Kindleberger.

Dear K:

I have your letter enclosing a letter from your Vice-President in Chicago in reference to "White Duck Pure White Parchment." I agree with everything that Mr. Greenlee says, and in fact that this is a fraud on the public inasmuch as it calls something "parchment" which is nothing more than sulphite paper — and only a fairly good one at that — and it has not the grease proof and water proof qualities claimed for. With the exception of waterleaf and slack sized papers, any paper will fulfill the claims made for the White Duck paper probably as long as it will.

It is calculated to deceive, but the question is whether it does deceive. No doubt it does deceive some, but the question is whether it would be worth your while to take any proceedings to obtain a desist order upon the Federal Trade Commission because anybody who has ever used vegetable parchment would not be apt to be taken in by such an obvious fraud as the White Duck. It is a real danger, however, to those who have not used vegetable parchment paper and who using White Duck would become prejudiced against the use of genuine without knowing what the latter was.

EXHIBIT P127

Letter. May 19, 1925. Brunner to Dohan

Subject: White Duck, Pure White Parchment

Are reading your copy of letter May 18th to Brother K in reference to this White Duck Pure White Parchment. It is interesting indeed.

There is that Fletcher Parchment Paper that has been out on the market, you know, and we have worked at it thru different channels. First we had the Associated Advertising Club of the World take that question up, as it is untruthful advertising of their product. Mr. Fletcher reported thru the Associated Advertising Clubs that there are so many different Parchment Papers on the market they would not change their method. They felt there was no law against their naming their paper "Fletcher Parchment" which they did.

The Associated Advertising Clubs suggested that we should go further and take this up with the paper Manufacturers Association. We therefore sent all the correspondence to Dr. Baker of the American Paper & Pulp Association, and he said he was very glad to have this file and that he was taking this up with the Technical Association, believing that something might be gained with the Technical Association, following the suggestion of the Advertising Clubs that the Paper Association ought to get an understanding among the manufacturers.

So that is where the case rests. The file is now in the hands of Dr. Baker, and so far we can only report progress. We are very sorry we have not been able to put a stop on this Fletcher Parchment Paper. Anyway, we cannot say that the Fletcher Parchment has been a real injury to us except the danger of clients buying it, clients who are not familiar with what Vegetable Parchment is and what Vegetable Parchment can do. There is the real danger.

Should we get a report on this later on we will be very glad to send you a copy.

Copy to JK:MEM

EXHIBIT P128

Letter. May 21, 1925. Dohan to Dear B. (Brunner).

I have yours of the 19th in reference to White Duck Parchment and in reference to the Fletcher Parchment.

Your reference to American P. & P. Asso. is an interesting one. I do not know whether that association would care to sponsor such a campaign. However, it is logical that they should do so. They represent the mills and not the dealers. Among their own membership mills their offices would probably be accepted in good part although I believe that if a mill wished to sell a paper designating it as parchment it would probably resent any attempt on the part of the A. P. & P. A. to in any manner control the

business of the mill claiming that that was a matter of internal management and outside of the scope of the association. On the other hand, it might very well be that the association would take a different position, and I think it would probably be wise for them to do so because no man who has a meritorious product depends on false pretenses by which to sell it. No doubt this is a new field of activity in which Dr. Baker would not care to take the initiative without the full concurrence of the association as a whole or its governing body, but it would be well worth while bringing the matter to his attention and that of the association and urging them to establish an "Unfair Practices" division.

No doubt such a division would have great weight not only by making recommendations to offenders but also because if such a division took up these questions in a broad way I believe that it would have a standing before the Federal Trade Commission to procure desist orders. It would only be necessary for it to make one such application to the Federal Trade Commission, and afterwards its attempts at moral suasion would have greater force because the offender would know that the association was able to and, in fact, had carried out its recommendation by appeal to the Federal Trade Commission.

This is a very interesting subject and one in which I think the A. P. & P. A. could be of very great benefit to the industry acting in a way as a moderator throughout the whole industry.

EXHIBIT P129

Letter. May 27, 1925. Dohan to Brunner.

I am interested in circuluar about Franklin and the kite, and am sending you a photograph of a tile made either in Holland or in England about 1790 or 1800 in which the event was celebrated. The tile was picked up in an antique shop in London and a photographer doing some work for me was interested in photographing it.

In reference to advertising, I have always had an idea that to put a half tone on the sheet showing something that would arrest the attention of the recipient and hooking it up directly or indirectly with the paper it would be more effective than printed matter. This is founded on the Chinese proverb that a picture is worth 10,000 words.

There is any amount of wonderful old primitive stuff, and people are always interested in the primitive.

I received a copy of your letter to the parchment manufacturers in reference to conference in the import situation. I had written all parties suggesting an early meeting date, and it would be an excellent thing if they could get their evidence together and bring it to that meeting where it would be gone over, criticized, classified and sent back for additional matter, or, in other words, whipped in shape. I do not think thereshould be any hesitation on anybody's part to show the particular customers whose order they had lost, because if the trade was lost the mill could not suffer by the displacer, but if anyone felt it would be any disadvantage each mill could take up each instance with Mr. Bullock personally. I have not heard from either Kalamazoo or West Carrollton in reply to my letter regarding a meeting.
P. S. Will mail photograph later.

EXHIBIT P130
Letter. June 17, 1925. Brunner to Dohan.
Are holding your letter May 27th in an open file. This is in reference to a photograph of a tile that was made either in Holland or in England about 1780 or 1800.
We think we now have a paper made on which we can print half tone. It is for Art work only.
Am writing this letter to tell you writer is very much interested in trying to see what he can do in the way of interesting you, in furnishing you something in the way of a half tone from this tile that you speak of.
This letter is to go on record that we have not heard further from you in reference to this tile.

EXHIBIT P133
Letter. June 18, 1925. Dohan to Dear B: (Brunner).
With reference to tile, my photograper must have been on an outing, as I have had his office telephoned several times without result so I have written him, and have word that he was to have the photograph here yesterday so at least it is in due course.
I am sending a form for the reporting of trade that has been lost on account of imports. Personally, I do not think we are going to get very far with that matter, but nevertheless it is worth making the best effort we can, as it may have a deterring effect on imports.
I am writing to Kalamazoo and West Carrollton urging them also to get up the report promptly and thoroughly.

EXHIBIT P131

Letter. June 23, 1925. Dohan to Brunner.

I enclose the photograph of the Benjamin Franklin tile, which just reached me today.

Enclosure.

EXHIBIT P136

Letter. June 24, 1925. Dohan to Kindleberger.

Dear K:

I am obliged for your letter of the 20th enclosing me a copy of Mr. Levin's letter to Dr. Baker in reference to the definition of vegetable parchment, etc.

I received a copy of Dr. Baker's letter to Paterson Parchment Paper Company and with it a copy of the definitions.

I had started to revise the definitions when Mr. Levin's letter came in.

I think it is highly important to revise the definition of "parchment" in such a way as to divorce it from every other kind of paper. This will have value in event of any further tariff revision, because then we can point to the definition as being official, and it will have more of the character of a definition and less of an argument than if we originated it in our brief.

I have revised and rearranged all of these definitions, and enclose them herewith. Please let me hear from you at once with any suggestions, and if the definitions as written meet with your approval and the approval of West Carrollton and Paterson, I will then write Dr. Baker telling him that at the request of the manufacturers I enclose the approved revision.

I am sending copy of this lett .r to Paterson and West Carrollton with request that they also act promptly in the matter as above indicated.

Enclosure.

EXHIBIT P136A

GENUINE VEGETABLE PARCHMENT PAPER (See Parchment).

GLASSINE. A kind of sanitary wrapping paper made of ordinary sulphite or Mitscherlich pulps by long continued beating followed by supercalendering. It is a highly transparent thin paper and is used for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

GLASSINE LINED BOARD — chip or other board lined with Glassine to add to the board the qualities characteristic of Glassine (see Glassine).

GLASSOID. A trade name for a material similar to glassine, but more highly finished and resembling isinglass.

GREASE-PROOF — a descriptive term loosely used to indicate a quality of certain papers such as imitation parchments which are resistant to oil or grease; used generally for wrapping oily or greasy articles; it is soluble, in water and in presence of moisture. Wax paper is not grease-proof.

GREASEPROOF WRAPPING. A kind of sanitary wrapping paper made of sulphite pulp, usually Mitscherlich or other strong sulphite, beaten till thoroughly hydrated and also thoroughly jordaned. This paper is an imitation of the two process vegetable parchment made by chemical processes, but is not stronger when wet than when dry, as is the case with vegetable parchment. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn, and parchmoid.

GREASEPROOF LINED BOARD — chip or other board lined with any so-called greaseproof paper to add to the board the qualities characteristic of such paper (See Greaseproof).

IMITATION LINED BOARD — chip or other board lined with imitation parchment paper to add to the board the qualities characteristic of imitation parchment (See Imitation Parchment).

IMITATION PARCHMENT. A single process all ligno-cellulose (sulphite) paper so-called to designate it as an imitation of genuine vegetable parchment. Its qualities are produced by prolonged treatment in the beating engines. It resists grease but disintegrates in the presence of water or moisture.

Imitation is also known as parchmoid, parchmyn, pergamyn, greaseproof, butchers parchment, and various similar designations.

PARCHMENT; two kinds so-called from their physical resemblance to or because they possess qualities similar to the characteristics of animal parchment made from the skins of sheep, goats, etc.

(a) VEGETABLE PARCHMENT OR GENUINE VEGETABLE PARCHMENT so-called in contradistinction to animal parchment: a two process paper consisting of (1) a "waterleaf" or unsized and absorbent paper composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) which (2) by a chemical

process is converted into genuine vegetable parchment by treatment in a bath of sulphuric acid within a definite range of strength and temperature.

The converted product is stronger wet than dry: it is insoluble and does not disintegrate in presence of either water, moisture, oil or grease; used as a sanitary packing for moist and dry food products, such as butter, lard, meats, etc.

Also known commercially as Genuine Vegetable Parchment paper to distinguish it from single process imitations of parchment known as imitation parchment, parchmoid, parchmyn, pergamyn, greaseproof, butchers parchment and various similar designations.

(b) PARCHMENT WRITING OR PARCHMENT BOND: A single process heavy weight bond paper composed of linen cellulose (linen rags) and ligno-cellulose (sulphite) of high durability and toughness produced by prolonged treatment n thei beating engine: used as substitute for animal parchment for deeds, etc.

PARCHMENT DEED (See Parchment (b) Writing or Bond).

PARCHMENT LINED BOARDS — chip or other board lined with genuine vegetable parchment paper to add to the board the qualities characteristic of genuine vegetable parchment paper (See Parchment).

PARCHMENTIZING PAPER. The basic material or waterleaf, an unsized and absorbent sheet composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) used for converting by the sulphuric acid process into genuine vegetable parchment paper (See Parchment Paper (1)).

PARCHMOID — trade name applied to imitation parchment

PARCHMYN — trade name applied to imitation parchment.

PERGAMYN — trade name applied to imitation parchment.

VEGETABLE PARCHMENT PAPER (See Parchment (1)).

WATERLEAF PAPER (See Parchmentizing Paper).

EXHIBIT P142

Letter. June 25, 1925. Cashmore to Dohan.

It has been a matter of mind for some time among us to divorce the Company's holdings of tenants, houses and property from the Company and its books, setting up in fact a separate organization to be known as a realty company.

Yesterday at our Directors' Meeting I was appointed on a committee to investigate the possibilities of such action. I am mindful of the provisions as set forth in the indenture securing first mortgage bonds, and realize that it will be necessary for any holding company to purchase such properties for cash and for us to deposit with the trustees such cash in lieu of the decrease in fixed assets, such cash to apply against sinking fund or the purchase of bonds for sinking fund purposes in the event that any new properties are acquired with the money so paid in.

In this connection I am writing to ask if you will give us the benefit of your legal judgment on the formation of such a company, outlining as far as possible the necessary steps to incorporate, to secure franchises from the State of Pennsylvania, the tax situation covering such a move, and any further light you can shed upon its application to a first mortgage bond indenture. Of course, any holding company would have to borrow the money from some bank or raise it in some other way to reimburse the company for the houses.

Would the Company as guarantor of notes issued by the holding company affect the security of our bond holders aside from the possible inclusion of such guarantee as part of our current liabilities? Our mind in this matter is that the holding company would operate at a very small profit, if any, and under the circumstances do not see that they would be subject to very much, if any emergency profits to Pennsylvania.

While such a move would relieve the Company itself from personal property taxes which are paid on such holdings by the Company would there be any difference or increase in the taxes by virtue of such properties being held by the holding company?

There may be other points on this that come to light from time to time on which I would like to receive your counsel, and if at any time you wish further light on this matter, I would be glad to answer all questions or meet you any time to discuss the situation.

EXHIBIT P132

Letter. June 29, 1925. Moyer to Dohan.

We are attaching a copy of letter we have received this morning which no doubt will be of interest to you. We are wondering if this letter was sent out generally to the trade.

This is for your information.

copy.

EXHIBIT P143

Letter. June 30, 1925. Dohan to Cashmore.

I have your letter of June 5th with reference to the proposal to divorce the company's holdings of tenements setting the same up as a realty corporation.

I think this can be done without much trouble, and will give it attention from the standpoint of the mortgages, after which I will be prepared to take it up with you and arrange a meeting.

EXHIBIT P137

Letter. July 1, 1925. Dohan to Leonhard.

Mr. Brunner sent me the American P. & P. definitions of parchment paper, imitation, etc., which I revised and forwarded copy for his suggestion.

I have heard from Kindleberger approving, and have written to stir up West Carrollton. I will be glad to have you and your chemist take up the matter and see whether anything can be added to make the definitions more clear.

EXHIBIT P134

Letter. July 6th, 1925. Cashmore to Dohan.

This will acknowledge receipt of your letter of June 18th, addressed to Mr. Brunner, in reference to reports necessary for Import matters before the Tariff Commission.

We are working on the report and will get it to you as soon as it is possible.

While we have some evidence that we are hurt because of the importation of parchment, we are trying to get all the evidence that is possible. For instance, since this form was received, we have communicated with some of our customers whom we felt were using imported parchment and have received in reply, their assurance that the business would be ours on an equal price basis.

If you can afford to wait another week for our report, we will be able to include more information than we can at the present time. If you cannot wait, please so advise and I will go ahead and fill it in with the information that we now have.

EXHIBIT P138

Letter. July 7th, 1925. Cashmore to Dohan.

I am replying to your letter of July 1st in reference to the definition of parchment paper, etc. We have all gone over these definitions as outlined by you and suggest the following corrections:

On page 1 under "Greaseproof" — 4th line — you state "it is soluble in water." We suggest that this be changed to "it disintegrates in water".

Page 1 under "Greaseproof wrapping". It is stated "but is not stronger wet than dry as in the case with vegetable parchment". The statement that Vegetable Parchment is stronger wet than dry is a fallacy that has been allowed to be believed for a long time. Parchment is not stronger wet than dry and we think it would be a good idea not to broadcast any such statement.

Under the same paragraph, you refer to "Parchmoid" as a greaseproof wrapper. Parchmoid is the Diamond State trade name of a parchment the Diamond State once made. It is as much a parchment as ours, not referring to quality or the merits of the two but the true Parchmoid is a genuine parchment and, to our minds, should not be included in that paragraph.

On page 2, 2nd paragraph under "Vegetable Parchment," there is again the reference to parchment being stronger wet than dry. The remarks above would apply here also.

At the foot of page 2, under the definition of "Parchmoid" our remarks above will apply.

Other than the exceptions noted, the definitions as outlined, have our approval.

EXHIBIT P135

Letter. July 7, 1925. Dohan to Cashmore.

Yours of 6th received in reference to report in parchment imports for use before Tariff Commission. I think it is decidedly advisable to wait until you can get all the information together. The trouble about most matters of this sort is that clients do not get up their data in good workmanlike shape and full enough, and the result is that when they go to the hearing the sympathy of the Board may be with them but there is an absence of evidence which is promptly taken advantage of by the importers.

I have seen the file in the Kraft case, and it is just that point that made them lose the case. They dealt in generalities in place

of specific facts. It is best to have both, that is, every specific fact that can be set out, and then a list of everything suspected. Parchment Definition: It will help some if you will take up that matter also and have my definitions corrected. They can be checked by your chemist. It is not advisable to have a technical definition but rather one which will not show on its face that we have dictated it.

Realty Corporation: In this matter I have been pretty well tied up with a Brief in a western matter, and unless this matter is urgent I would like to let it go over until next week or the week after. If urgent, however, I will take it up at once.

EXHIBIT P139

Letter. July 8, 1925. Dohan to Cashmore.

Following your suggestions I have revised the definitions and enclose copy herewith. If this meets with your approval kindly write Dr. Baker and I also will write him that they have been approved by Kalamazoo and West Carrollton.

EXHIBIT P139A1

GENUINE VEGETABLE PARCHMENT PAPER (See Parchment.)

GLASSINE. A sanitary wrapping paper made of ordinary sulphite or Mitscherlich pulps by long continued beating followed by super-calendering. It is a highly transparent thin paper and is used for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

GLASSINE LINED BOARD — chip or other board lined with Glassine to add to the board the qualities characteristic of Glassine (see Glassine).

GLASSOID. A trade name for a material similar to glassine, but more highly finished and resembling isinglass.

GREASE-PROOF — a descriptive term loosely used to indicate a quality of certain papers such as imitation parchments which are resistant to oil or grease; used generally for wrapping oily or greasy articles; such papers disintegrate in presence of water or moisture. Wax paper is not grease-proof.

GREASEPROOF WRAPPING. A sanitary wrapping paper made of Mitscherlich or other strong sulphite, beaten till thoroughly hydrated and also thoroughly jordaned. This paper is an imitation of the two process vegetable parchment made by chemical processes. It disintegrates in presence of water

or moisture. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn, and parchmoid.

GREASEPROOF LINED BOARD — chip or other board lined with any so-called greaseproof paper to add to the board the qualities characteristic of such paper (See Greaseproof).

IMITATION LINED BOARD — chip or other board lined with imitation parchment paper to add to the board the qualities characteristic of imitation parchment (See Imitation Parchment).

IMITATION PARCHMENT. A single process all ligno-cellulose (sulphite) paper so-called to designate it as an imitation of genuine vegetable parchment. Its qualities are produced by prolonged treatment in the beating engines. It resists grease but disintegrates in the presence of water or moisture.

Imitation is also known as parchmyn, pergamyn, greaseproof, butchers parchment, and various similar designations.

PARCHMENT; two kinds so-called from their physical resemblance to or because they possess qualities similar to the characteristics of animal parchments made from the skins of sheep, goats, etc.

(a) VEGETABLE PARCHMENT OR GENUINE VEGETABLE PARCHMENT so-called in contradistinction to animal parchment; a two process paper consisting of (1) a "waterleaf" or unsized and absorbent paper composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) which (2) by a chemical process is converted into genuine vegetable parchment by treatment in a bath of sulphuric acid within a definite range of strength and temperature.

The converted product is insoluble and does not disintegrate in presence of either water, moisture, oil or grease; used as a sanitary packing for moist and dry food products, such as butter, lard, meats, etc.

Also known commercially as Genuine Vegetable Parchment paper to distinguish it from single process imitations of parchment known as imitation parchment, parchmyn, pergamyn, grease-proof, butchers parchment and various similar designations.

(b) PARCHMENT WRITING OR PARCHMENT BOND: A single process heavy weight bond paper composed of linen cellulose (linen rags) and ligno-cellulose (sulphite) of high durability and toughness produced by prolonged treatment in the beating engine; used as substitute for animal parchment for deeds, etc.

PARCHMENT DEED (See Parchment (b) Writing or Bond).

PARCHMENT LINED BOARDS — chip or other board lined with genuine vegetable parchment paper to add to the board the qualities characteristic of genuine vegetable parchment paper (See Parchment).

PARCHMENTIZING PAPER. The basic material or waterleaf, an unsized and absorbent sheet composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) used for converting by the sulphuric acid process into genuine vegetable parchment paper (See Parchment Paper (1)).

PARCHMOID — trade name applied to supercalendered vegetable parchment.

PARCHMYN — trade name applied to imitation parchment.

PERGAMYN — trade name applied to imitation parchment.

VEGETABLE PARCHMENT PAPER (See Parchment (1)).

WATERLEAF PAPER (See Parchmentizing Paper).

EXHIBIT P141

Letter. July 9th, 1925. Cashmore to Dohan.

Acknowledging your letter of July 8th with enclosure of revised definitions, we have written Dr. Baker that the definitions, as revised, meet with our approval.

EXHIBIT P140

Letter. Dated July 9th, 1925. Cashmore to Baker.

In connection with the definitions of parchment, imitation parchment, greaseproof and others as outlined by Mr. Dohan, we wish to advise that the revised definitions as prepared by him, meet with our approval.

EXHIBIT P145

Letter. July 9th, 1925. Cashmore to Dohan.

Replying to your letter of July 7th, last paragraph, in re Realty Corporation, it is not so urgent as to take your time from your Western matter and we will be glad to have you give it your attention at your earliest convenience.

EXHIBIT P144

Letter. July 15th, 1925. Cashmore to Dohan.

I presume that you are working on the matter of the Realty Corporation about which I wrote you. As there are other matters coming up daily about which we would like to talk to you, I am wondering if you will be ready to see me soon. If so, Mr. Mayer and I will be glad to call at your office either Tuesday or Wednesday of next week if that is convenient.

EXHIBIT P146

Letter. July 31st, 1925. Cashmore to Dohan.

We have decided not to proceed with the forming of a Realty Corporation with the idea of taking over the employees' houses and corresponding land, for the reason that we believe it better to continue under the present arrangement.

Should we wish to make a sale of any parcel or parcels of land or any of the houses, it could easily be accomplished through the Company with slightly more detail involved than through the Realty Company.

EXHIBIT P147

Letter. August 3, 1925. Dohan to Cashmore.

I received your letter advising me that you had decided not to go ahead with the Realty Corporation. In the meantime I had made some inquiries and found that it would scarcely be possible to do any business with the Philadelphia Trust Companies.

It would seem more feasible to do the financing through local institutions and in your case where community good will counts for something that would be an element of value to you.

I talked to Mr. Eastburn about the local facilities and he said there were several good builders there and there were five available B. & L. Associations. The latter would be disposed to deal more liberally on account of promoting local business by using local builders, and he felt he was safe in saying they would loan seventy-five percent on first mortgage.

If at any time you decide to take up the matter again I would be glad to go into it, and I feel that the Trustees would be justified in refunding to the Company the cost of improvements to the mortgage property at Bristol, placed thereon since the date of the mortgage. I refer of course to the houses that have been erected. If any of your employees desire to purchase properties they could be had through the B. & L. Association.

EXHIBIT P147A

DE LA WAR REALTY INC.

Charter—Under Laws of Commonwealth of Pennsylvania
Corporation—De La War Realty Inc.
Charter Powers—Acquire, buy, sell, deal in real estate, improved and unimproved and to improve the same etc.

Capital Authorized—	Preferred—1500 Shs. par $100.		$150,000.
	Common—1500 Shs. without par value		
Stock Issue	Preferred—1500 Shs.	@	$150,000.
	Common—1500 Shs.		5,000.
			$155,000.

Directors ..... 1—
2—
3—
4—
5—

Officers for first year ..... President—
Vice-President—
Treasurer—
Secretary—

Consideration for Stock Issue

A	Tracts and 52 Tenements Modena, Chester County Pa. Standard Co. Appraisal	$80,000.
B	Track and 5 Tenements Edgely, Bucks County, Pa. Standard Co. Appraisal	75,000.
		$155,000.
	Payable in 1500 Shs. Preferred Stock par $100	$150,000.
	1500 Shs. Common Stock no par	5,000.
		$155,000.

PURCHASE OF REAL ESTATE FROM PATTERSON PARCHMENT PAPER COMPANY

A	Modena, Chester County, Pa. 52 houses at average $1538.	$80,000.
B	Edgely, Bucks County, Pa.	75,000.
		$155,000.

Settlement

1st mortgage on Modena to Patterson Parchment Paper Company @ 75% subject to Release	$60,000.
1st mortgage on Edgely to Patterson Parchment Paper Company @ 75% subject to Release	56,250.
Cash or Notes of De La War Realty Company endorsed by and discounted by Patterson Parchment Paper Company	48,750.
	$155,000.

Building Operations

Bristol Improved and Unimproved to be laid out in lots of four to an acre, including roads etc., Mortgagees to release at a fixed proportionate price of so much per lot, plus the cost of building improvements of such as are improved and proportionate cost of street improvements, water and sewage. Five Building & Loan Associations of Bristol and vicinity will loan on first mortgage on separate properties an amount equal to 75% of cost of lot, building improvements, and street, water and sewage improvements. Patterson Parchment Paper Company with Mortgage Trustee.

Dr.	Modena @	$80,000.
	Edgely @	75,000.
		$155,000.

Cr.	Improvements since date of mortgage		
	8 houses @ $5000.		$40,000.
	Cash from proceeds notes De La War Realty Company		48,750.
	Cash from loan by banks to Patterson Parchment Paper Company 56% assignment as collateral of Modena		
	Mortgage	$60,000.	
	Edgely Mortgage	56,000.	
		$116,250.	
	of which equals		66,250.
			$155,000.
	4 Double Houses New Built		
	8 lots @ $750. each with street etc., improvements		$6,000.
	8 houses @ $5000. each		40,000.
	New construction		
	20 lots @ $750 each with street etc. improvements		15,000.
	20 houses @ $5000. each		100,000.
			$161,000.

RENTAL

	Rental based on $5750. completed cost @ $50. per month		$600.
Contra	Taxes	1.5% (Assessment probably less)	$86.25
	Water	Meter	.00
	Sewer	.25%	11.87
	Insurance	.30%	17.25
	Repairs	Reserve 1%	57.50
	Vacancies	Reserve ½%	28.75
	Mtge. Int.	6% on 75% equals 4.5%	258.75
	Equity Int.	8% on 25% equals 2.0%	115.00
	Sundry Reserve		24.63
	TOTAL EXPENDITURES AND RESERVES		$600.00

EXHIBIT P148

Letter. August 19, 1925. Dohan to Anderson.

A classmate of mine, Edgar Kidwell, who held a Chair at, I think, Wisconsin University, stopped in to see me one day and presented me with a copy of his book on Water-Tube Boilers.

It is very much too deep for me, and I know it is just about your measure so I send it to you with my compliments.

Enclosure.

Book mailed under separate cover.

EXHIBIT P149

Letter. August 24th, 1925. Anderson's Secretary to Dohan.

Your favor of the 19th and the copy of book on Kidwell Water Tube Boilers which you so kindly forwarded to Mr. Anderson, has been received in his absence.

Allow me to thank you, Mr. Dohan, in Mr. Anderson's behalf.

EXHIBIT P150

Letter. Aug. 25, 1925. Dohan to Cashmore.

I was talking to Mr. Eastburn recently and he told me that the contractors up there were very much upset by lack of specifications and plans on your inquiry for six room dwellings. They all felt they ought to have a uniform specification so that the bids would be comparable.

I know that you want to put up good looking houses that would be a credit to the splendid plant you have there, and it seems to me that it would not add to the expense to have a good architect on it and lay it out in a way that would always be a pleasure to you. It would not cost anymore to get something that is worthwhile. I do not think it is a safe thing to let contractors get up their own plans and specifications.

If I can be of any assistance to you in getting an architect here who would make you out a good credible job, I will be glad to do so.

These, of course, are gratuitous suggestions and I hope you will understand that they evidence the interest which I always have in The Paterson Parchment Paper Company.

EXHIBIT P153

Letter. August 26th, 1925. Leonhard to Dohan.

This will acknowledge your letter of the 25th instant in reference to six room dwellings at Edgely, Pa.

We have referred your letter to Mr. Anderson, who is at present on his vacation, and he will, no doubt, take care of this matter upon his return which will be next Monday, August 31st.
However, we wish to express our appreciation for your suggestion and the interest you have manifested in us.

EXHIBIT P152

Letter. August 26th, 1925. Leonhard to Dear Dick.

Inclose herewith letter received from Mr. Dohan.
I think it is worthy of our attention. His advice seems to me to be very good and I agree with him that it would probably cost no more to have a plan drawn by an architect so that we may keep away from the ready-made appearance of a lot of houses. Architectural beauty may be acquired without expense in that way.

EXHIBIT P151

Letter. August 26th, 1925. Leonhard to Dear Dick.

I enclose herewith letter received from Mr. Dohan.
I think it is worthy of our attention. His advice seems to me to be very good and I agree with him that it would probably cost no more to have a plan drawn by an architect so that we may keep away from the ready-made appearance of a lot of houses. Architectural beauty may be acquired without expense in that way.

EXHIBIT P155A

Modena Plant. 10-20-'25.

	Plant Costs	Depr Reserve	Plant Book Value	Sound Value Per appraisal 12/31/24	Replacement Value Per appraisal
Real estate	$19,122.15		$19,122.15	54,426.00	$54,426.00
Bldgs.	273,622.12	147,479.62	126,142.50	429,546.32	499,483.51
Machinery & Equip.	580,919.78	386,992.51	193,927.27	637,419.01	864,982.15
Total	873,664.05	534,472.13	339,191.92	$1121,391.33	1418,891.66
Autos	5,678.21	2,371.06	3,307.15	5,332.50	5,175.00
Tenant Houses	79,890.54	17,923.15	61,967.39	220,160.30	309,977.84
Total Plant	$959,232.80	$554,766.34	$404,466.46	$1346,884.13	$1734,044.50

EXHIBIT P155

Letter. Personal. October 28, 1925. Dohan to Brunner.

I had a talk with Mr. Fry, President of Jessup & Moore Paper Company, in reference to Modena. He could not give me very much encouragement but seemed interested at my suggestion that it would furnish an outlet for use of their old pulps, though they are enlarging their capacity in their other mills by putting in fast running wide machines.

He asked me to let him know the number of machines, their widths and something about their equipment, and it occurred to me that if you can conveniently do so it might be best to loan him a blue print and the appraisal of the Standard Appraisal Company.

Otherwise, if you think best, just send me what might be called preliminary information, and I will endeavor to get him to make a personal examination of the plant but I think the appraisal and blue print would really be the better.

EXHIBIT P154

Letter. Nov. 12, 1925. Brunner to Dohan.

Subject: Width of Finished Vegetable Parchment Rolls Trimmed.

Present rolls running thru our Finishing Department are as follows:

24 x 36 — 25 lb. basis — 55″–60″
24 x 36 — 30 lb. basis — 55″–56″–57″–60″–64″–77″
24 x 36 — 40 lb. basis — 48″–52″–56″–60″–77″–78″
24 x 36 — 50 lb. basis — 55″–56″–77″

EXHIBIT P158

Letter. December 29th, 1925. Cashmore to Dohan.

We will soon have need for the binders containing the supplemental appraisal of our Modena plant and will ask that you try and make some arrangement with Mr. Frye whereby we may have these returned to us shortly.

By the "supplemental appraisals", I mean the smaller books which accompany the larger one in the black binding.

EXHIBIT P159

Letter. December 30, 1925. Dohan to Cashmore.

Yours of 29th received, and it will give me great pleasure to forward you the supplemental appraisement of Modena I will get these today or tomorrow and get them off to you promptly.

EXHIBIT P160

Letter. January 4th, 1926. Cashmore to Dohan.

This will acknowledge receipt of your package containing three books of supplemental appraisals of our mill at Modena, Pennsylvania for which I thank you for your kindness and prompt attention.

EXHIBIT P156

Letter. January 22nd, 1926. Cashmore to Dohan.

I am enclosing herewith invitation and ticket for the American Paper & Pulp Association's Banquet on February 25th at which you are to be our guest.

I shall look forward to seeing you at that time.

EXHIBIT P157

Letter. January 25, 1926. Dohan to Cashmore.

I acknowledge, with many thanks, the kindness of the company in inviting me to the American P. & P. Association banquet on February 25th, and acknowledge receipt of the card.

When you have the supplemental appraisement brought up in the Modena plant matter, please send it to me, and I will take it up again with Mr. Fry.

I have it in line to get before the Ward Baking Company but everything there has been rather checked by the impetuosity of the Department of Justice in investigating the alleged baking trust.

EXHIBIT P161

Letter. January 28th, 1926. Cashmore to Dohan.

Replying to your letter of January 25th, we will be glad to send you the supplemental appraisal of the Modena plant up to date as soon as it is received.

The appraisal men will not get to work on this supplemental appraisal until after the first of February so that it will be sometime late in the month before it can be sent.

Trusting this is satisfactory, we are,

EXHIBIT P162

Letter. February 6, 1926. Eastburn to Anderson.

I think that when you purchased the Tullytown property you did so with the expectation of sometime abandoning the Modena plant and producing all of your raw stock at Tullytown.

I have recently found a client who is interested in the purchase of a 3 or 4 machine mill for the manufacture of crepe paper, chiefly napkins, and have told them of your Modena plant and of the possibility that it would be on the market.
If your Company wishes to consider a sale at this time, will you please give me the essential information in relation to the Modena plant — acreage, factory buildings, dwellings, make and model of paper machines, railroad and shipping facilities, water supply and water power, etc.
Our clients are responsbile and their financial standing is good.

EXHIBIT P163
Letter. February 10, 1926. Anderson to Eastburn.
We have your letter of February 6th regarding the sale of our Modena plant. We have referred this matter to Mr. Dohan, sending him a copy of your letter, and would suggest that you get in touch with him about it.

EXHIBIT P164
Letter. February 10, 1926. Anderson to Dohan.
Attached hereto is a copy of letter which we have received from Mr. Eastburn.
As you have already been doing something regarding the sale of the Modena Plant, we are referring this matter to you.
We are also attaching a copy of the letter which we have written to Mr. Eastburn in reply to his communication.
Copies attached.

EXHIBIT P164A
Letter. February 11, 1926. Dohan to Anderson.
I have yours of the 10th in reference to Mr. Eastburn's inquiry about Modena plant. I am very much obliged to you indeed for the reference.
I am taking this up with Mr. Eastburn, and will communicate with you further as soon as I get anywhere with him and his client.
I have this now before Mr. Fry, of Jessup & Moore Paper Company, and am awaiting return of the appraisal which Mr. Cashmore is looking after.
I also had it in line to open it up with the Ward Baking Company, but my channel advises me that in consequence of the Government's activities against the proposed merger the Ward Company was holding its expansion in abeyance.

EXHIBIT P165

House Letter. February 15, 1926. Anderson to Cashmore.

Re; Sale of Modena Plant. Please note.

Corr. with Mr. Dohan & Eastburn Attached.

EXHIBIT P166

Letter. Feb. 19, 1926. Anderson to Dohan.

Attached hereto is letter which we have received from Louis Schlesinger, Inc., real estate agent of Newark.

This firm was in touch with us at the time we were looking for a mill site.

I have not acknowledged the letter. I will leave the matter entirely in your hands.

EXHIBIT P167

Letter. Feb. 19, 1926. Anderson to Dohan.

Attached hereto is letter which we have received from Louis Schlesinger, Inc., real estate agent of Newark.

This firm was in touch with us at the time we were looking for a mill site.

I have not acknowledged the letter. I will leave the matter entirely in your hands.

EXHIBIT P168

Letter. February 23, 1926. Dohan to Anderson.

I am obliged for your letter of 19th. I have written Mr. Schlesinger in reply to his inquiry. Unless he should want a paper mill, he would probably not find sufficient value at Modena for his client's purposes to pay the price you ought to get for it.

Thank you very much for referring the matter to me, and I will follow it up.

EXHIBIT P169

Letter. February 27, 1926. Dohan to Anderson.

In regard to recent inquiry of you by Louis Schlesinger, Inc., as to whether you had a property suitable for their client, this company informs me that "the corporation making the inquiry wishes to locate within the boundaries of New Jersey, which are also the limits of our industrial operations," and consequently advise that they would not be interested in the Modena property.

EXHIBIT P170

Letter. March 5th, 1926. Cashmore to Dohan.

I am attaching hereto, supplemental appraisal dated December 31st, 1925, of our Modena plant for which you have been waiting. This report has been recorded by us so that there is no special hurry for its return.

EXHIBIT P171

Letter. March 6, 1926. Dohan to Cashmore.

I have yours of 5th enclosing Supplemental Appraisement, being the bring down to December 31, 1925, of the Modena plant. If you can spare it, I think it would be well to send me over the Appraisement Book which you loaned me before, inasmuch as that details the kind and character of machinery. I want to use it with Mr. Fry, because I think it would make a strong appeal to him. He is intimately acquainted with all details of the mill, not only the practical part of it but also the accounting end of it, so that he could get the full detail and story from the Appraisal and would carry a great deal of it in his mind when he examined the property.

There is also a tracing gotten up by a surveyor showing all the real estate tracts owned by the Company, and also showing the location of all buildings and other physical features. I had a copy of this, but at present it is out to Mr. Eastburn. If you can send me two more blue prints of this, it will be of great assistance.

EXHIBIT P173.

Letter. March 8th, 1926. Cashmore to Eastburn.

I understand from Mr. Dohan that you have a blueprint of the real estate tract owned by our Company at Modena made by a surveyor showing location of the buildings and other features. We have an occasional call for some of these blueprints and I would appreciate it if you would forward me your copy for a short time so that I may arrange for others to be made for our use.

EXHIBIT P172

Letter. March 8th, 1926. Cashmore to Dohan.

Acknowledging your letter of March 6th, I am forwarding under separate cover, the three volumes of supplemental appraisal of the Modena plent which you returned to us the early part of the year. We have made all our necessary notations and you are at liberty to use them for such time as may be necessary.

I am sorry that we are unable to forward you two blueprints of the surveyor's drawing as requested for the reason that we have no more. I will endeavor, however to have some made up and will forward them to you as soon as ready.

EXHIBIT P174

House Letter. Paterson Parchment Paper Co. Mar. 9, 1926.

Extract of letter received from Mr. Dohan — original in General File. "D."

"Appraisal — as soon as these and the prints come in, I will take the matter up again with Mr. Fry and try and arouse his interest."

EXHIBIT P175

Letter. Mar. 15th, 1926. Cashmore to Dohan.

I am forwarding under separate cover, one copy of a Modena map which you requested with your letter of March 6th.

This copy is the only one I could locate but I am having more made so as to send you another one to make up two as you desired. This second copy will be forwarded as soon as I receive the additional prints.

I trust in the meantime one copy will be of some service to you.

EXHIBIT P176

Letter. March 16, 1926. Dohan to Cashmore.

I thought you would be interested in reading the enclosed opinion of Mr. Justice Stone, of the Supreme Court, in matter of the Cement Manufacturers and Maple Flooring Manufacturers. It contains much food for thought, though, as you can see, the Court is always on the top of the hill and likely to tilt either way.

I have not heard further about a meeting next week, but will advise you.

Enclosure.

EXHIBIT P177

Letter. March 17th, 1926. Cashmore to Dohan.

Thank you for your letter of March 16th enclosing opinion of Mr. Justice Stone of the Supreme Court in the matter of Cement Manufacturers and Maple Flooring Manufacturers.

I will take much interest in reading this opinion through and will discuss it with you when I next see you.

EXHIBIT P182

Letter. March 16th, 1926. Cashmore to Dohan.

Usually about this time of the year, we expect to receive your bill for services in connection with the Parchment Import work. We are ready to receive our share of your bill and I am sure the others will be looking forward to receiving it also as one of them has already spoken to me in reference to same.

I am calling this to your attention so that you might bear the matter in mind.

EXHIBIT P178

Letter. March 22nd, 1926. Cashmore to Dohan.

Under separate cover, I am forwarding you another copy of the Modena map as promised in my letter of March 15th.

We have located the plate from which these maps were made and it will be easy enough to get additional copies if you desire them to further any lead you might have.

EXHIBIT P179

Copy to Mr. Cashmore.

Letter. March 26, 1926. Jessup & Moore Paper Co. to Dohan.

I have your letter of the 23d inst. with enclosure as stated.

When you get back from the West, I will be glad if you will communicate with me with the view of having you take Mr. Plumstead and myself to the Megargee Mill at Modena to look over their proposition.

EXHIBIT P180

Copy to Mr. Cashmore.

Letter. March 29, 1926. Blank to Glessner.

Yours of 26th received in reference to Modena. I think the prospective purchasers of the paper base their feeling about the sale of the mill on probabilities rather than on any information or report.

So that you will be informed, I bring you down to date covering all offerings that I know of:

(1) Mr. Eastburn, of Bristol, wrote to Passaic saying he had a client who wanted a mill. Passaic on February 10th referred him to me. I talked the matter over with Mr. Eastburn, who merely wanted information as to equipment and said that he would have to see whether the property would suit his client. The only information he had was the blue print and no price. I telephoned him about three weeks ago, and he said his man was ill with the

grippe. His report this morning is that his man did not go farther than looking over the blue print and said that he had some acquaintance with the general size of the plant and that it would require more money than he was able to swing at the present time.

(2) Ward Baking Company: I asked a friend of mine here, who is the principal in a bond house and who is very discreet, how I could bring the matter to attention of the proper parties in Ward Baking Company. He told me he knew one of the men in that organization who would be a good channel through which to bring the matter to the attention of the proper parties. He spoke to his friend about it, and the friend replied that the threatened proceedings by the Government against the Baking Trust had led the Ward Baking Company to suspend all plans for development. No prints, papers or information were furnished to this party, and I doubt whether he knew the name of the owner or the location of the mill.

(3) Jessup & Moore Paper Co.: I talked it over with Mr. Fry, gave him the appraisal so that he could get the detail of equipment, &c., and also copy of the blue print. Mr. Fry was busy at the time with their own bond issue, and said that he would not be able to take it up seriously until the beginning of this year. He seemed to be impressed with it as a possibility for manufacturing part of their own pulp product, but questioned whether he had better not put the same amount of money into enlargement of their present mills (which they have recently enlarged).

On my return from the West, I have a letter from him asking me to make an appointment to take him and Mr. Plumstead to Modena.

(4) William H. Savery: Mr. Savery is operating a mill at Harper's Ferry. He is a son of Thomas Savery, formerly President of Pusey & Jones Co. Mr. Savery sat at our table at the Paper banquet, and knowing his wide acquaintance I asked his opinion as to where the mill could be most advantageously marketed. He said he would think the matter over. He stopped in here about 10 days ago, and said that he had spoken to the owner of the Denver Paper Mills, which were formerly owned by the Saverys. Savery stated that the present owner has been very successful and has turned over the operation of the Denver mill to his son, and is free to undertake other activities. Savery asked for the information for which I wrote you, which was duly furnished. At the sametime I told him to hold off until I had a

further talk with Passaic to determine whether they had decided to dispose of Modena. Savery's Denver man knows it is the Modena mill, but probably Savery has not furnished him the information recently obtained from you, and he has no blue print.

This letter fairly sets out the condition of each of the "prospects." I have several other sources which I had intended taking up, but I did not think it was advisable to have too many going at once, and on account of recent conversations with Mr. Cashmore I have been going very slow.

EXHIBIT P421

Bill. April 1, 1926. Dohan to Paterson Parchment Paper Company.

To professional services re Imports $500.00

Received payment,

EXHIBIT K247

Bill. April 1, 1926. Dohan to Kalamazoo Vegetable Parchment Co.

To professional services re Imports $500.00

Received payment,

EXHIBIT P183

Copy. April 1st, 1926. Dohan to Paterson Parchment Paper Co.

To Professional servies re imports $500.00

EXHIBIT P184

Letter. April 5, 1926. Dohan to Cashmore.

In reference to recent letter from Mr. Fry, of which I sent you copy, I will be glad if you will advise me whether you have come to any conclusion with reference to Modena. On account of our conversation and your probable change of plans, I have not pressed it, but as long as Mr. Fry has written me I think I should take it up in some way.

EXHIBIT P185

Letter. April 6th, 1926. Cashmore to Dohan.

Replying to your letter of April 5th, it seems to be the general opinion here that it would be foolish to dispose of the Modena mill at this time owing to the uncertainty of the arrangements which are under discussion for Edgely.

I feel safe in saying, however, that it would be well to consider that the matter of disposition of the mill will be indefinitely

postponed unless by chance we should get a very attractive offer with provisions that we remain in use of same until similar production can be provided for at Edgely.
I hope this will give you the information you desire.

EXHIBIT P186
Letter. April 6th, 1926. Cashmore to Dohan.
I have been thinking this past few days of the proposed meeting in Washington sometime this month and am wondering if you have had any definite thoughts on the matter insofar as the actual date is concerned.
I mention this because on April 28th we hold our Director's meeting and on April 29th, I expect to go to Atlantic City for about a week.

EXHIBIT P190
Letter. April 7, 1926. Dohan to Cashmore.
My latest information from Washington is that the Cherry Blossoms are behind time this year. I am writing down today to know when we may expect the blossoms to appear, and in fixing a date I will be careful to avoid from April 28th to and including your week at Atlantic City, for which I assume your leave of absence would expire May 8th. If the Cherries are too uncertain, would you care to hold the meeting at Atlantic City in place of waiting until after May 8th?

EXHIBIT P191
Letter. April 8th, 1926. Cashmore to Dohan.
Replying to your letter of April 7th in reference to the meeting, it is immaterial where the meeting is to be held, whether at Washington or Atlantic City.
I am hoping, however, that the Cherry Blossoms will be sufficiently advanced or retarded so that we may hold the meeting in Washington without any conflict with my other dates. However, that need not interfere and should it be the consensus of opinion of the majority that Atlantic City is preferable, it will meet with my approval.

EXHIBIT P187
Letter. April 9th, 1926. Cashmore to Dohan.
Enclosed is our check, $500.00, in payment of your charge for services in reference to import situation, invoice for which we received yesterday.

EXHIBIT P192

Letter. April 10th, 1926. Cashmore to Dohan.

I have just had inside information from Washington that the cherry blossoms will be in full glory late next week or the first part of the week following so I am giving you this information for what it may be worth.

So far as I am concerned, any time during the week of the 19th would be preferable.

EXHIBIT P194

Letter. April 12, 1926. Dohan to Cashmore.

I wired as per enclosed copy, and received the enclosed answer so I expect there is nothing else to do but postpone the meeting until May. I will be glad to have any suggestion.

Thank you very much for the check received this morning.

Enclosures.

EXHIBIT P193

Telegram. April 12, 1926. Dohan to Kindleberger.

Will Sunday April eighteenth or April nineteenth ten A. M. Washington Hotel Washington suit you for meeting (Stop) Wire answer.

EXHIBIT P193A

Telegram. Apr. 12, 1926. Kindelburger to Dohan.

An ans date Stephen Girard Bldg Philadelphia Penn Why not put off meeting until May Very difficult to get away this month.

EXHIBIT P188

Letter. April 14, 1926. Dohan to Cashmore.

Referring to your letter of 6th, you say that you think it would be better to postpone disposition of the mill unless you should have a very attractive offer with provision for use of the mill until similar production could be provided at Edgley.

I assume the similar production means the addition of another machine unit to the Edgley plant, and that I suppose would be a matter of some months.

The last supplement to the appraisement shows the following:

	Replacement	Dep.	Sound Value
R. E. & W. R.	54,426		54,426
#1	279,504	87,440	192,063
#2	1,381,764	294,863	1,086,901
Genl. Plant	16,839	4,121	12,718
	1,732,534	386,424	1,346,109

From this No. 1 plant would, I suppose, practically have to be written off reducing the plant to about $1,150,000 sound value, Now, the question is what you would consider an attractive offer. and consequently how long would it take to provide for similar production at Edgley.

My thought at present would be not to take it up with anyone else, except Mr. Fry, until your views change, but no doubt Mr. Fry would wish definite information on the two points mentioned above. If, however, you think it better, I will withdraw it from Mr. Fry's consideration and for the present.

EXHIBIT P189

Letter. April 15th, 1926. Cashmore to Dohan.

I want to acknowledge your letter of April 14th in reference to the Modena plant and reply as best I can at this time.

Your assumption in regard to similar production of our Modena plant at Edgely is correct and it would be some time before such production could be provided at Edgely should the Modena mill be disposed of.

Referring to valuations, your figures without the appraisal available I presume are correct; at least they seem reasonable from my memory of the figures.

As to the question of what might be considered an attractive offer, I am not in a position to give any figure at the present time and would prefer to consult our Executive Committee before replying to this question. I think, for the present, it would be well to refrain from offering the mill for sale to anyone and not to press Mr. Frye for a definite decision on his interest in this matter.

However, after I have had an opportunity to discuss this matter with others, I may be in a position to give you something a little more definite.

EXHIBIT P195

Letter. April 16th, 1926. Cashmore to Dohan.

I have your letter of April 12th, answer to which was delayed because of my absence from the office but in reply can see nothing else to do but to postpone the meeting until May as suggested.

In that event, the attraction at Washington would have passed and I would suggest that you use your own judgment as to where the meeting should be held.

EXHIBIT P196

Letter. April 28th, 1926. Cashmore to Dohan.

Supplementing my letter of April 15th in reference to sale of the Modena plant, I have talked this matter over with our Executive Committee and we unanimously feel that it would be unwise for us at present to dispose of this mill and, therefore, suggest that you withdraw further negotiations for the sale of same.

This is also the opinion of the Board of Directors.

EXHIBIT P197

Letter. April 29, 1926. Dohan to Cashmore.

Yours of 28th received. Under the circumstances, I think perhaps it is best not to sell the Modena mill, though I dislike to think of it as an addition to overhead.

I will get the inventories, etc., and return them all to you.

I have to be in Toledo on the 15th, and wonder whether it would be worth while for us to have a meeting, say, in Detroit or Cleveland. I mention these places because after my court proceeding in Toledo, May 15th, I may have some more work there in Toledo so that I do not feel like getting too far away from it as a base. In view of the unnecessary trip to Buffalo and failure to respond to the Washington suggestion for another meeting, I do not know whether it is worth while going to a lot of trouble to have accommodation meetings, and rather feel that we might as well have them in New York or Philadelphia. Please let me know your views.

EXHIBIT P198

Letter. May 3rd, 1926. Cashmore to Dohan.

I am in receipt of your letter of April 29th in reply to mine of the 28th and note that you will secure the inventories and appraisals

and return them, all of which you may do at your convenience as there is no special hurry on our part.

In reference to the matter of a meeting, it is my suggestion that the meeting be called any place to suit yourself, either Toledo, Cleveland, Philadelphia or New York as you see fit and I will await your advice on this.

So far as we are concerned, we are ready at any time as it is my opinion that meetings such as we had in Buffalo even though little was accomplished serve a purpose of better understanding and fellowship by our getting the other fellow's viewpoint in matters of interest to us all. I believe Mr. Moyer is of the same opinion and will be glad to attend a meeting anywhere it may be called but I am not so sure of Mr. Kindleberger.

However, so far as we are concerned, more can be accomplished by Mr. Southon's attendance than by Mr. Kindleberger's as Mr. Kindleberger is not in touch with the details and he passes them on to Mr. Southon.

I am quite inclined to prefer Mr. Southon although I am always glad to see Mr. Kindleberger and discuss matters with him.

EXHIBIT P200

Letter. May 5, 1926. Dohan to Cashmore.

I am so much engrossed in my case in Toledo that I feel it would be better for me not to make any appointment close to that date, as I rather expect that the other side would like to talk settlement and I will have to be free to meet it when it comes. Moreover, I feel that the last meeting having been in Buffalo, New York or Philadelphia would be pretty good for a change.

EXHIBIT P199

Letter. May 6th, 1926. Cashmore to Dohan.

I thank you for your letter of May 5th in reference to Mr. H. G. Brock and also your letter of April 30th in reference to the same subject and the Emergency Aid Shop.

I sincerely appreciate the interest you manifested in getting this information for us and feel quite sure that with your findings, our granting him a line of credit will not be a mistake.

Should there be a charge for your trouble in this matter, please let us have your invoice.

EXHIBIT P201

Letter. May 6th, 1926. Cashmore to Dohan.

Acknowledging your letter of May 5th in reference to the meeting, it is immaterial to me where the meeting is called and I feel quite content to let it rest to your goodjudgment.

However, I thought I would tell you that I have just received a summons for jury duty to begin next Monday and unless I am able to have it postponed as I hope to, I will not be available for a meeting until after the 25th. This may have some bearing upon your arrangements.

In the event that I am able to have it postponed until June, I will advise.

EXHIBIT P202

Letter. May 8th, 1926. Cashmore to Dohan.

Supplementing my letter of May 6th, I have been unable thus far to effect an adjournment of my jury duty which commences on Monday, May 10th.

I have been informed that I am drawn on a murder case panel and that I will be expected to report so that it is not likely I will be able to be away until after the 25th.

Should there be any change in these plans, I will advise you as soon as I know definitely. In the meantime, if you have any plans for a meeting, please let me know.

EXHIBIT P203

Letter. May 14, 1926. Dohan's Secretary to Cashmore.

For your information, I give you below copy of telegram received by Mr. Dohan this morning from Mr. Kindleberger:

> "Talked to Moyer West Carrollton today. He and writer both will be in New York next Friday twenty-first at McAlpin Hotel. Can you have Cashmore come over and hold meeting."

Mr. Dohan is absent in Toledo engaged in the trial of a case, but is expected to return on Monday next, at which time I would ask that you be good enough to communicate with him in reference thereto.

EXHIBIT P204

Letter. May 18th, 1926. Cashmore to Dohan.

The Judge informed me this noon that he would fix me up so that I may be excused from Jury duty on Friday. Therefore, I will be available on that date as I now see it.

Please let me have definite particulars as to this meeting.

EXHIBIT P206

Telegram. May 19, 1926. Dohan to Cashmore.

Meeting appointed for tomorrow, Thursday, night 6:00 o'clock McAlpin. (Stop) If you think it advisable will you attend to inviting Bullock?

EXHIBIT P205

Telegram. May 19, 1926. Dohan to Cashmore.

Meeting appointed for tomorrow, Thursday, night six o'clock McAlpin. (Stop) If you think it advisable will you attend to inviting Bullock.

EXHIBIT P209

Letter. June 7, 1926. Dohan to Moyer.

I have sent a pamphlet "What Price Progress" to K, and am enclosing you a copy in case you may not have seen it. I think it is a splendid insight into the foundations being laid of future progress.

Enclosure.

EXHIBIT P208

Letter. June 7, 1926. Dohan to Dear K: (Kindleberger.)

I am sending you a pamphlet which possibly you are familiar with, but, if not, I strongly recommend you to read every word of it, and I think when you do you will realize how deeply are the forces that are moving under the fabric of industry.

The next fifty years will be the ones best living, and at that time the old ones will have the same view of the following fifty years.

Have you made any plans to see the Sesqui? I think it would be a good idea if you and Moyer and Cashmore could see it together, and we will take the opportunity of further report and discussion in the Import matters. I left a note for you at the McAlpin to the same effect, but did not hear from you.

Enclosure.

EXHIBIT P207

Letter. June 7, 1926. Dohan to Cashmore.

No doubt your laboratory has seen the enclosed pamphlet, but if you have not personally read it I hope you will do so and pass it on to your heads. I also enclose the report of Stockholders of General Motors Company in which I think you will be equally interested.

Enclosures.

It is not for Laboratory reading but for the untechnical just as ourselves.

EXHIBIT P210

Letter. June 8th, 1926. Paterson to Dohan.

Thank you for the booklet "What Price Progress" forwarded with your letter of June 7th.

However, I failed to find the report of stockholders of the General Motors Company which your letter stated was also enclosed.

I shall take great pleasure in reading the phamplet at the first opportunity and passing it on to others to whom it might be interesting.

Thank you very much for your thoughtfulness in sending this to us.

EXHIBIT P212

Letter. June 9, 1926. Kindleberger to Dohan.

I think some time in July it would be a fine thing to have a meeting in Philadelphia, so we can take in the Sesqui, and at the same time talk over new developments of the import situation. I presume the latter part of July would be about right. They say it is nice and cool in Philadelphia along about that time.

I want to thank you also for the booklet, "What Price Progress", by Hugh Farrell. I shall read this from cover to cover as you suggest.

EXHIBIT P211

Letter. June 11, 1926. Dohan to Moyer.

Copy to Mr. Cashmore.

I understand K cannot resist the allurements of the Sesqui, as you will see from the enclosed letter, and he thinks the weather will be very fine in the latter part of July. You and I know what a good guesser he is on that point. I will get him to crys-

tallize on a definite date in the week of July 12th, or, as he indicates, the week of July 19th if you will advise me what will suit your convenience.
I may also add that apart from the Art Sesqui there are several other very notable art collections here and two Museums that will insure a good time.
Enclosure.

EXHIBIT P213
Letter. June 15th, 1926. Cashmore to Dohan.
I am in receipt of correspondence in reference to meeting in Philadelphia sometime in July and will say that so far as I am concerned either the week of the 12th or the week of the 19th will be convenient.

EXHIBIT P214
Letter. June 23, 1926. Kindleberger to Dohan.
I am in receipt of your letter of June 21st.
Either the week of the 12th or 19th will be satisfactory, providing it is the end of the week, either Thursday or Friday. The fore part of the week is usually all filled up with directors meetings.
I surely will be delighted to be with you, and think it will probably be a good idea to put it off until the week of the 19th, and then the Centennial will be further along and more worth seeing. If this is satisfactory to the rest, it surely will be to your humble servant.

EXHIBIT P215
Letter. June 26, 1926. Dohan to Cashmore.
I am sorry I have been so delayed in getting the copy of the General Motors report that I spoke to you about, but it is enclosed herewith.
Also enclosed is a copy of a letter from K. from which I gather that Thursday, July 22d, or Friday, the 23d, would suit him best, tho I have no doubt this will conflict with the vacation plans of some of your company. However, no doubt we will be able to get together a corporal's court.
I have been hoping to hear that Mr. Brunner is home, and I would like to see him and know all about him and his trip. If he is home, I wish you would give my kind regards to him and to Mr. Leonhard.

Have you any special days for visiting Bristol? I would like to take my friend, Walter Stokes, up there and thought that he and I would take a trip for a couple of days — we are both crazy on antiques — and stop at the plant on our way up.

EXHIBIT P216

Letter. June 28th, 1926. Cashmore to Dohan.

Thank you for your letter of June 26th with enclosure of copy of General Motors report which I shall take great pleasure in reading at the first opportunity.

Note also letter from K preferring the week of the 19th for the purpose of an Import Committee Meeting which will be agreeable to me.

Mr. Brunner is home and this morning, I conveyed the message outlined in your letter and before I had finished talking with him, he had placed a call so as to talk with you over the telephone. He is leaving on Friday for Lake Placid to gone for the balance of the Summer and will, no doubt, receive a great benefit from this portion of his vacation.

We have no special days for visiting Bristol and I dare say that any day you might select will be agreeable for you to visit the plant though I am thinking that perhaps you would prefer to go there with a bodyguard and in case that is so, I would be glad to run down and meet you there and see that you have the proper attention when you decide to make the visit.

EXHIBIT P217

Letter. July 1, 1926. Dohan to Dear K: (Kindleberger.)

There will be a meeting to consider the matter of the Parchment Imports at my office at 10:00 A.M., July 22d.

This, I think, will give opportunity to those who have not the happiness of being Philadelphians to view what there is of the Sesqui Centennial on that and the following days of the weekend. I am also reserving time to show you the Museum and Art galleries.

Copy to Messrs. Moyer and Cashmore.

EXHIBIT P218

Letter. July 2nd, 1926. Cashmore to Dohan.

I have set aside Thursday, July 22nd, as a positive date to be in Philadelphia at your office at 10 A.M.

EXHIBIT P219

Letter. September 17, 1926. Dohan to Cashmore.

I called up you and Mr. Brunner today and found that you would be back on Tuesday and that Mr. Brunner was still on that vacation, which I think he is spreading out pretty thin.

I am going out to Toledo Saturday night, and will be at the Secor Hotel. It occurred to me that you might want a meeting, and you can wire me there and in the meantime I will send our friends a copy of this letter so that if there is anything urgent they will know I have communicated with you and I am available.

EXHIBIT P220

Letter. September 22nd, 1926. Cashmore to Dohan.

I have your letter of September 17th which came to my attention yesterday after my return from a vacation.

Note that you are going to Toledo Saturday night and will say that there is nothing urgent at this time that I know of. However, would be glad to attend a meeting at any place you and the others may suggest or designate.

EXHIBIT P222

Letter. October 19, 1926. Southon to Dohan.

In the absence of Mr. Kindleberger, I will answer your letter of Oct. 15th.

Either Mr. Kindleberger or myself will be in the East in all probability during the first week of November and we shall be very glad, indeed, to meet with you and the Import Committee.

We received Mr. Bullock's recent letter about the Belgium Parchment and we agree with you that this is a matter that must needs be followed closely.

Practically any time during the first week in November so far as we know will be convenient for us so you can go ahead and arrange for the Meeting and let us know the date.

Note:

Inasmuch as this coincides with the plan made last week, we presume it will be agreeable to you.

EXHIBIT P224

Letter. October 19th, 1926. Dohan to Cashmore.

I thought you would be interested in this matter.

J. Howard Burke stopped in to see me this morning and told me that he had left Diamond State and wanted to know whether I

could suggest to him any similar employment. I do not know the circumstances under which he left but I have always had a very high regard for his integrity and ability. His Father was Superintendent for me atGlen Mills. I talked with him about glassine and he said that the sale by Taylors to the WestConshohocken mills had been a bona fide sale and not merely an incorporating idea; and that among other things there was $100,000.00 second mortgage, payable within the past year, which had been paid off by the purchasers.

He also told me that they were making the enclosed sample of glassine; in making it they use two Jordans running at 550 R.P.M; that they had a breaker beater to break up the pulp and another beater to break up the waste and that these and original stock were beaten together about five hours.

I inquired of him what his function has been up there and he told me it was General Assistant that he had been familiar with the handling of this glassine paper for the twelve years that he had been there and of course, more so latterly since I understand that he has been with the concern at West Conshocken since it bought the mill from the Taylors.

He spoke of a man whose name he could not recall at the moment who claimed to have a process for making parchment or some equivalent directly in a beater and that this man had been employed by Franklin Paper Company to put the process in operation at Lambertville and that his efforts to do so cost Franklin and the mill some $50,000.00, in experiments before they got rid of him. He also stated that this man was now trying to interest your Company in the proposition.

I thought I would report these matters to you for what interest they may be and also with the thought that if you thought of making glassine at Modena you might find Howard Burke interesting.

When he was with me he was very reliable and very efficient. Nominally he was clerk of the works but actually he was more in the nature of an Assistant Superintendent. He got along well with the men and commanded their respect and was able to get more work out of them and keep them in better humor than his Father or anyone else we ever had.

I have always felt that Howard's ability was not appreciated at Diamond State and told Mr. Trylor so in the hope that it might lead to Howard's advancement.

I consider that he would be competent to carry out anything that he would undertake.
He does not know that I am writing to you. I would be glad if you could be of any assistance to him but you know my first thoughts are of your success.
Above all things please do not think I am a "butter-in".

EXHIBIT P221
Letter. October 21, 1926. Dohan to Moyer.
You no doubt received a copy of Mr. Bullock's recent letter in regard to Belgium parchment. I thought this matter was of sufficient importance to need a conference of the manufacturers as it constitutes a grave menace to the home industry.
As Kalamazoo was the farthest away, I wrote them and received a letter from Mr. Southon saying that either he or Mr. Kindleberger would be in the East during the first week in November.
The opportunity is therefore favorable, and I will appreciate it if you will let me know what day in the first week of November would suit your convenience and to put it specifically would Wednesday, November 3d, at N. Y. be satisfactory to you.
If so, as soon as you advise me I will confirm this with the other manufacturers.

EXHIBIT P223
Letter. October 22nd, 1926. Cashmore to Dohan.
I have copy of letter you wrote to Ohio and think that Wednesday, November 3rd, will be satisfactory for the Import Meeting. I will keep that date open and be available should the others and yourself decide upon a meeting for that time.

EXHIBIT P225
Letter. October 25th, 1926. Cashmore to Dohan.
Your very interesting letter of the 19th is hereby acknowledged. You have given us some very fine information which came at a time when we are seriously considering the matter referred to.
Immediately upon receipt of your letter, I passed it to the Manufacturing Department who are now working on the matterof Mr. Burke through our Superintendents at Edgely and Modena.
Your reference to the party claiming to process parchment through a beater is very timely. We had heard of this process through our friend in Michigan who I believe also tried the same scheme without success.

We are glad to have your letter and its information and rather feel a great appreciation of your interest instead of thinking of you as a "butter-in".
Will look forward to seeing you on November 3rd in New York.

EXHIBIT P226
Letter. November 8th, 1926. Cashmore to Dohan.
Thank you for the clipping of freight loadings received in today's mail.

EXHIBIT P227
Letter. December 6th, 1926. Cashmore to Dohan.
Want to thank you for forwarding to me the article "Letterhead Provisions" as appeared in "Case and Comment".
I have read the article through and feel that it is a good point to keep in mind should we, at any time, have thought of using provisions on our letterhead as mentioned.

EXHIBIT P240
Letter. December 15, 1926. Dohan to Dear K: (Kindleberger.)
I am likely to go back to Toledo almost anytime now. The Import situation is growing quite serious, and I would be glad to take the opportunity of meeting you personally (with Mr. Southon) together with Moyer and Cashmore.
This appointment is tentative and merely for the purpose of advising you of its probability and hoping that you will hold yourself in readiness for such meeting as soon as I wire you when I am required in Toledo.

EXHIBIT P241
Letter. December 15, 1926. Dohan to Dear K: (Kindleberger).
Copy to Mr. Brunner.
I am likely to go back to Toledo almost any day now. The Import situation is growing quite serious, and I would be glad to take the opportunity of meeting you personally (with Mr. Southon) together with Moyer and Cashmore.
This appointment is tentative and merely for the purpose of advising you of its probability and hoping that you will hold yourself in readiness for such meeting as soon as I wire you when I am required in Toledo.

EXHIBIT P228

Letter. December 31st, 1926. Heighway to Dohan

I have your letter of 15th December and am glad to once more read your cheery letter, I shall certainly tell Mr. Dunlop of your remembrance of him.

I hardly expect your American Mills can meet the Continental competition in the Australian Market, to do so they would need to sell at about 46 c. i. f. Australian Main Ports. The main sizes are 20 x 30, 30 x 40, 12¼ x 48, 25 x 30, 30 x 50, 27 x 36, and the substances 20 x 30 17/18 lbs. to 28/30 lbs. 480 sheets.

If with this information before you you feel it worth while trying the market, please let us know and we will advise you regarding the necessary samples.

Regarding Japan, although we are now reaching out into new foreign markets we have not yet made headway in Japan. I will not forget your products should opportunity arise.

I hope everything is going well with you, I extend all the Seasons Compliments and trust the New Year may be a happy one for you.

EXHIBIT P239

Letter. January 3, 1927. Dohan to My Dear K: (Kindleberger.)

Copy to Paterson Parchment Paper Co.

I wrote you December 15th as per enclosed copy. Perhaps I did not make myself clear. What I wanted to know was whether such a meeting would co-incide with your arrangements.

I had my ticket bought and plans made to go to Toledo on Sunday, and received a wire saying the argument would not take place this week but did not say whether it would take place next week, though I assume that it will. I wish you would send me a wire on receipt of this saying whether you would be available, say, the middle of next week. I do not want to have a meeting the day before my argument there, because I have only skull room for one thought at a time, and this Toledo business crowds the space very much, but if I know the date of the argument I can fix the meeting for the next day. Please let me hear from you promptly by wire.

Enclosure.

EXHIBIT P238

Telegram. January, 5, 1927. Southon to Dohan.

Can meet you at any time you say. Let us know time and place.

EXHIBIT P237

Letter. January 6, 1927. Dohan to Dear K: (Kindleberger.)

Copy to Paterson Parchment Paper Co.

I received wire from Mr. Southon.

I am expecting at any time to have word as to when I must go to Toledo, and I will probably go next week, As soon as I can do so, I will arrange for a meeting in Toledo.

I want both you and Mr. Southon there, so we can have a complete understanding on this Import situation.

EXHIBIT P229

Letter. January 15, 1927. Blank to Heighway.

Copy to Mr. Cashmore.

I just received your December 31st letter, and am very much obliged to you for the information which it contains I will pass it on to our friendsand ask them if they think they can be interested to communicate with you directly with samples, &c. I had so much to do with the parchment business when I had that miserable little mill that it seems to have gotten into my bones, and I never could lose my interest in it, besides that it has made me many pleasant friendships.

You will recall that I gave you the names of some of Surtees' novels when you wished to send Mr. Dunlop some hunting books. I am quite sure that he will be interested to know that a Life of Surtees has been published, and also two of his unfinished novels, one of which is entitled "Young Tom Hall."

I saw the Life of Surtees, and was much surprised to find that it was the third printing. Looking at it casually, it did not seem to me to be very adequate but anything about Surtees would be interesting to anyone with a flare for hunting.

Mr. Dunlop would also be interested in the Egerton Warburton Hunting Lyrics, illustrated by Lionel Edwards, and in fact he will find that the numerous books illustrated by Edwards show that he is the best draftsman of horses there has been in many a long day. Recently I had quite a jolt in going into a Chop House, in New York, to find about 40 Leach prints on the walls, and among them three illustrating Jowocks. The prints with the margins were about 20 x 24, and my recollection is they were published by Bradbury which was the house contemporaneous with Surtees and Leach, though I am not clear about

the sequence, but the house was at some time Bradbury & Evans and now Bradbury & Agnew.

With many kind regards, and hoping that some day our trails may intersect, I am

EXHIBIT P236

Letter. January 17th, 1927. Cashmore to Dohan.

Confirming telephone conversation of this morning, it is my understanding that there will be an Import meeting in Toledo commencing Saturday evening.

As I desire to take care of some Chicago business while in that locality, I will leave on Wednesday or Thursday for Chicago and will arrive in Toledo according to train schedule at 5.40 P.M.

I will go immediately to the Secor Hotel where I will look you up.

If this is not in accordance with your understanding or desires, please let me know.

EXHIBIT W-114

Telegram. Jan. 17, 1927. Dohan to Moyer.

Meeting Secor Hotel Toledo next Saturday Evening and Sunday Morning Is Approved by all other parties Stop Please wire me at once whether you can make it suit.

EXHIBIT P230

Letter. Jan. 17th, 1927. Cashmore to Dohan.

This morning's mail brought your enclosure of correspondence with James C. Heighway of Edwards Dunlop & Company, Ltd., London, which has been read with interest.

I have noted Mr. Heighway's comments in regard to supplying parchment to Australia and note the figures mentioned with which some hope might be entertained of securing this business.

I am presuming that the figures are per long ton and are the equivalent of 10¢ a pound at New York. With this the freight to Australia of $14.00 to $15.00 per long ton, would make it very unprofitable for us to go after this business.

Thank you for your interest. We will be glad to have other leads that you might come in contact with.

EXHIBIT P235

Letter. January 18, 1927. Dohan to Moyer.

Copy to Mr. Cashmore.

I wired you yesterday and suppose from the fact that I have not heard from you that your are away on a trip.

I consider it very important to have the Import meeting on Saturday evening, January 22d, at Secor Hotel, and hope you will be able to arrange to be present.

I have also wired your office today as per enclosed copy.

Enclosure.

EXHIBIT P234

Letter. January 18, 1927. Dohan to Cashmore.

Your January 17th letter received. This confirms understanding of Import meeting in Toledo Saturday evening at Secor Hotel. I have wired Mr. Kindleberger accordingly, and I also wired Mr. Moyer but have not had his reply. I think, however, that the meeting had better be held even though I do not hear from him, but I will send him an additional wire.

EXHIBIT W-115

Telegram. January 18, 1927. Blank to Dohan.

Mr. Moyer absent on trip to Southwest We forwarded your wire of yesterday but doubt if he can return in time for meeting.

EXHIBIT W-116

Telegram. Jan. 18, 1927. Dohan to Blank.

Please advise Mr. Moyer import meeting will be held Secor Hotel Toledo Saturday evening January twenty second and Sunday.

EXHIBIT W-117

Telegram. Jan. 19, 1927. Dohan to Blank.

Appointment for this Saturday postponed Stop Will advise later.

EXHIBIT P233

Letter. January 21, 1927. Dohan to Dear K: (Kindleberger.)

Copy to Mr. Cashmore.

I was very sorry to have to wire you that the meeting has been postponed. I had my bag packed and ticket ready for the 4:21 train from here, and received a wire that the argument was postponed but had not been assigned to a definite date.

As Moyer could not be present and I could not make two trips the only thing possible was postponement of the meeting. If you or Mr. Southon, or both of you, should be East let me know, and I will call a meeting.
Otherwise, as soon as my case is re-assigned for argument, which might be almost any week, I will communicate with you and arrange accordingly.

EXHIBIT P232
Letter. Jan. 24, 1927. Kindleberger to Dohan.
We have your letter of the 21st.
There will be several of our men attending the Paper Convention to be held in New York around February 25th, and it would be an excellent time then to call a meeting of the other Brethren. Personally, I believe it is very important that a meeting be called.

EXHIBIT P231
Letter. January 26, 1927. Dohan to Cashmore.
The enclosed letter explains itself. My own movements are indefinite, as I have heard nothing from my western case. In case I should have to go West within a reasonable time, I will call you up on the phone; otherwise will consider the meeting around February 25th date. New York would be the better place on account of our ability to get in touch with Mr. Hecht and Mr. Bullock.
Enclosure.

EXHIBIT P242
Letter. January 31st, 1927. Cashmore to Dohan.
May we again have the pleasure of your company as our guest at the annual banquet of the American Paper & Pulp Association to be held at the Waldorf Astoria Hotel on the evening of February 24th.
It would please us greatly to include you at our table and we will be glad to arrange for your comfort and pleasure if you will grant us the privilege.

EXHIBIT P243
Letter. February 2, 1927. Dohan to Cashmore.
Thanks for your January 31st invitation to dinner February 24th A. P. & P. It will give me great pleasure to accept. The

only question in my mind is whether I will be out in Ohio at that time, but this I should know before very long so will you permit me to accept conditionally?

EXHIBIT P243A

Letter. February 9, 1927. Dohan to Cashmore.

In talking with you about Modena production, I have had a talk with Mather Paper Company here, whom I represent.

The Mather Company uses a good deal of material and is a growing concern, and they wish to get into a jobber's position.

I have asked Mr. Mather to give me samples of various papers that they use and specifications of size, weight, and quantity ordered at a time.

As soon as these are received, I will forward them to you.

EXHIBIT P244

Letter. Feb. 10th, 1927. Cashmore to Dohan.

Thanks for your letter of February 9th in re your talk with the Mather Paper Company.

Will be glad to hear further from you should they be in need of any paper that we can make.

EXHIBIT P245

Letter. February 14, 1927. Dohan to Cashmore.

I have had a talk with Mr. Mather and have gotten some detail, and have asked him to send you by this mail samples of the papers which he showed to me.

There is very much to be said on the salesman line, that is, much that a representative of yours would have to talk over with Mr. Mather, and the purpose of this letter is to give you the sample so that you can have your mill figure on them, and your representative can arrange an interview with Mr. Mather and go over the matter in detail.

The samples which he will send you are:

(1) Machine glaze one side — all sulphite.
(2) Water finish fibre.
(3) No. 2 grease proof.
(4) Kraft.

I have also noted on there the general market prices either at which Mr. Mather is buying or at which he would have to buy in order to handle the trade that he has in view.

I do not know whether there is a fortune in all of this, but at least it seems to have tonnage in it.

Let me know if I can be of any service in arranging for Mr. Mather to meet your representative, or perhaps you would like to talk it over with him yourself.

EXHIBIT P246

Letter. February 18, 1927. Cashmore to Dohan.

I have your letter of the 14th in reference to the Mather Paper Company. The samples referred to have been received and I am turning them over to our Manufacturing Department with the request that our Superintendent, Mr. Outerson, call upon you as soon as possible and together get in touch with the Mather Paper Company in reference to the manufacturing of these papers. There are a few which we feel quite confident we can make. However, a general discussion of the situation with our Superintendent will clarify the matter. He will call upon you soon and we trust that some profitable and beneficial relations may be made by means of your interest.

EXHIBIT W. 118

Letter. February 18, 1927. Dohan to Moyer.

There will be a meeting in reference to Parchment Imports at 10:30 A. M. at the Old Colony Club, Waldorf Hotel, Friday, February 25th.

EXHIBIT W. 119

Letter. February 21, 1927. Moyer to Dohan.

I have your letter advising there will be a meeting of the Imports Committee as concerns Vegetable Parchment at 10:30 A. M. at the Old Colony Club, New York on February 25th. I will be there, thanks for the notice.

DFTF'. EXHIBIT K-1

Letter. Feb. 24, 1927. Kindleberger to Dear Charley: (Kushell.)

I just heard this morning that for several weeks or more there has been a movement on foot to start a new Parchment Mill in Michigan, and that Ezra Levin was at the head of it and this man, Frank, of Detroit, that you sell Parchment Paper to and somebody from the Detroit Creamery Company were with him, and that they were going to start up somewhere in a town by the name of Trenton.

I was just wondering if the men who are interested in this knew the true situation of the Parchment business at this time, whether they would want to go into it.

Paterson is only wunning about 50%; the same is true of West Carrollton; we are running about 70 or 75%. We are also bothered tremendously yet with Europe sending their stuff over here at very low prices.

I would think that this would be a darn poor business to get into when at least one concern can make all the paper used if they run full.

This man Levin, as everybody knows and as you know, is not capable of running anything.

I understand they got Bob Slee interested also. So it looks to me like it is going to be quite a nutty bunch.

What I would like for you to do is just incidentally some time when you see Frank tell him the Parchment situation as I have outlined it to you. Don't let on that you know anything about it. If he says anything you might tell him about the mind of these men who are heading it.

I wish you would get at this as soon as you can and let me know what you hear and what your reaction is.

DFTF'. EXHIBIT K-2

Letter. March 1, 1927. Kindleberger to Dear Charley: (Kushell.)

I thank you for your letter of the 28th which gives me a good outline of the situation.

Personally, I don't think that Ezra would get very far. He might be able to start up, but I don't think that he would last very long. My experience with Ezra is that he couldn't run a wheelbarrow with a self-guide. He has no judgment at all when it comes to business.

It is an ideal place of course to lose a little money, so let them go to it if they wish.

P. S. Be sure and keep me informed of anything else that you hear.

EXHIBIT P247

Letter. March 11th, 1927. Cashmore's Secretary to Dohan.

Thought you would be interested to know that on Wednesday last, Mr. Cashmore was operated on at the Passaic General Hospital for appendicitis.

He is feeling quite comfortable and the operation has been generally satisfactory. While Mr. Cashmore's appendix was chronic

and not acute, the results of the operation showed that had he waited to have the operation performed, the results might have been serious.

He will be at the Hospital for another week or ten days when he will be permitted to go home to convalesce.

EXHIBIT P248

Letter. March 14, 1927. Dohan to Miss French.

On my return today, I have your March 11th letter. I appreciate your kindness in notifying me of Mr. Cashmore's operation, and am writing him today.

EXHIBIT P249

Letter. March 14, 1927. Dohan to Cashmore.

Miss French kindly wrote me that you were in the hospital with appendicitis, and that you were getting along satisfactorily.

I felt there was something coming to you from your appearance sometime ago when you were at the office. You will remember that I spoke about your color. Now that the story is out, you might just as well get well. The only trouble is that that will relieve you of one excuse for taking so many vacations in the future.

Kindest regards, and many hopes for your early recovery.

EXHIBIT W-120

Letter. April 1, 1927. Moyer to Dohan.

I am enclosing copy of a letter from the East Side Packing Company of East St. Louis, Illinois.

In order to get the facts clearly before you I will have to make this letter a trifle longer than usual. Last year about this time as I recall it, the East Side Packing Company had trouble with the Government who claimed that frozen livers which they had shipped out (and I think some were wrapped with Waxed Paper and some with Parchment) were not satisfactory to the Government Inspector. They took it up with me, but before going into the subject advised us we might as well drop it. They seemed to think the trouble was in the waxed paper and at that time they asked their local inspector, "What kind of paper shall we use." His reply was, "I don't know." From the attached letter you will see they have gone into this subject again trying to find out the grade or kind of paper which would be satisfactory to the Government, and you will notice from the letter

that the Government's answer is rather short and leaves them up in the air. So I wish you would write the Bureau of Animal Industry and find out if possible the kind of paper that should be used for wrapping frozen livers as well as other animal organs. Naturally I am advising our customer that Parchment Paper, whether bought from us or a competitor, is practically the same so far as the basic material goes and I am also advising them that in our sheet of Parchment there is absolutely nothing but cotton rags and sulphite pulp, which as you probably know is an absolute fact. In the meantime I am going to write our competitors and see whether they have had any similar complaints. It seems to me that a few years ago Paterson had trouble on pork loins wrapped in Genuine Vegetable Parchment but after taking it up with the Government their objection was withdrawn.

It hope you will give this prompt attention and if you don't consider it an association matter it will be perfectly satisfactory for you to charge us for this service and what ever expense you may be put to. I just want to emphasize again the big thing is to get some sort of an expression from the Government at once as to why Parchment Paper is not a satisfactory wrapper for frozen animal organs, especially in view of the fact that it is satisfactory for all other meat products.

EXHIBIT P250

Letter. April 6th, 1927. Cashmore to Dohan.

Appreciate very much the kind letter you wrote on March 14th, addressed to me at the Passaic General Hospital and for the good wishes contained in it. I recall very vividly my last visit to your office when I was suffering from the first effects of a new attack of appendicitis though I did not, at the time, know what it was all about.

After a through examination, I realized its removal was imminent so I took the thing before it had a chance to become acute and walked to the Hospital to get rid of it before it could give some serious trouble. Now that it is out, I am relieved of one worry and as, they tell me, will have to find something else to worry about and, as you suggest, something else as an excuse for taking so many vacations.

The recovery is slow, especially with my strength and nervous shock, but I feel the results of recuperation each week with added strength, better spirits and a more governable nervous tone.

I am privileged to go back to business next week with caution not to overdue which I shall try not to do with the hope that later in the month, I will be quite fit again to take up my full duties. Thanking you again for your kind wishes and with best wishes to yourself, I am

EXHIBIT W-121

Letter. April 11, 1927. Dohan to Moyer.

I have a letter from Mr. Southon stating that he will be in New York on Friday, April 22d.

The Import situation is rather disturbing in view of recent reports of German offerings, and I would suggest that all in interest meet in New York on April 22d and we can get in touch with Mr. Bullock or Mr. Hecht and get the last reports on Imports.

Will you, therefore, please advise me whether Friday, April 22d, at 10:30 A. M., at Mr. Bullock's office would be agreeable to you?

Mr. Southon asked me to let him hear from me as soon as possible, so I suggest you wire me.

EXHIBIT W-122

Telegram. April 13, 1927. Moyer to Dohan.

Unless you advise different will be New York twenty second.

EXHIBIT W-124

Letter. April 13, 1927. Dohan to Southon.

Copy to M. E. Moyer, Esq.

A meeting in regard to the Parchment Imports will be held at Old Colony Club, Waldorf Hotel, New York, 10:30 A. M. Friday, April 22d.

As there are reports of considerable activities in German Imports, your attendance is specially requested.

EXHIBIT W-123

Letter. April 13, 1927. Moyer to Dohan.

Your letter of the 11th received and I wired you this morning as per confirmation enclosed. I will arrange to be at the McAlpin as usual on the 22nd and unless you advise different, will show up at Mr. Bullock's office about 10:30 A. M.

EXHIBIT P251

Letter. April 14, 1927. Dohan to Dear B: (Brunner.)

Personal.

I am sorry I could not get over to New York before you go.

In the Arrow matter you spoke of, I wonder whether it would be advisable for you to give Mr. Cashmore your thought and then during your absence he might arrange some time to have some of their principals go down to the mill, and if he will let me know I will make it a point to go there at that time, and in this way a contact can be established and developed as the occasion may permit and it could be guided in such a way that I might keep it alive by getting an invitation over to Arrow's plant. If this suggestion meets your approval, let me know whether you have communicated the idea to Mr. C. or to any other of your principals, and I will be guided accordingly.

There is another matter I would like to talk over with you as I always feel that I can do so, and that is the matter of my charge to the Association. I put a kind of a tentative figure on when we started. It is true that the work is not what one might call laborious, and sometime I really wonder whether I am of any use to the Association or not, but perhaps it would be best for them to answer that question than for me. At any rate, I want you to feel that as I am writing you quite unofficially I have no hesitation in saying to you that the work is negligible. However, the meetings are more frequent than we expected, and I believe it is quite important that every opportunity of meetings should be pressed. Moreover, the importance — in fact, I might almost say the dignity — of the industry is a proper subject for consideration.

I remember on one occasion hearing an attorney asking a Court to allow a fee out of a fund. The Judge was from Missouri and asked what responsibility there was in merely holding the fund, which happened to be quite a large one. The attorney replied that there was the responsibility of the figures.

I do not know whether K. and M. would much welcome the thought though from a casual remark of Mosteller's I gathered that K. considered the charge very low and expected it to have been much larger. I do not know how M. would re-act to it, as he is a smaller factor.

I have always had a great deal of, I might say, shyness on this kind of thing, and I would much rather have a revision proceed from the other side but I submit the whole matter first to your

approval and if you think well of it you might have Mr. Cashmore originate the idea with the others.
If you do not think well of it, just let the matter drop, and I will perfectly understand it.
Kindest regards, and I hope that you will have another good vacation.

EXHIBIT P252

Letter. April 18, 1927. Brunner to Dohan.

Have your letter of April 14th, and regarding the Arrow matter, I have not mentioned the talk I had with you any further, and it is better that I let it rest in that way. Perhaps in your own way find a contact someway sometime.
The fifth paragraph of your letter regarding the judge from Missouri is very good, and I promptly took up this matter with both parties. We feel as tho it would be fair to consider a fee of at least $750 or $1000 from each of us, and that is about the way I expressed our thought on the matter. Consider this very confidential. You know, we want you thoroughly pleased with this matter.

EXHIBIT K 3

Letter. April 22, 1927. Kindleberger to Dear Charlie: (Kushell.)

Relative to the letter you have written to Doc under date of April 19th, concerning the new Parchment Mill that is being talked about at Trenton, Michigan.
I wish you would make a special trip to see Mr. Shedd and tell him that we have a spare machine that we would like to sell them. It is practically a new machine that hasn't been run over a year, and we would like to dispose of it at a reasonable price.
Parchment business is growing less and less right along on account of imitation parchment mills selling their "April Fool" stuff for the genuine, and the Parchment business is on the downward grade.
The Ice Cream People are going to Waxed Paper, and we no longer have use for this machine. It is a hard thing for us to keep our other machines running more than 70% of the time, and the same thing is true of the other Manufacturers.
Even Paterson are now going into the Waxed Paper Business because of the inroads made by imitation on the genuine article, and it is for this reason that we would like to dispose of this machine.

The prices of Parchment have also been "shot to glory" on account of the European Parchment coming in cheaper than we can make the raw material, and the Packers, you know, have discontinued using Vegetable Parchment for their meats, and they used to be the large users. So we would like to get rid of the present machine, and we hope they will consider this machine favorably.
If you will do this, we will be much obliged to you for the service.

EXHIBIT P253
Letter. April 26, 1927. Dohan to Cashmore.
I enclose a number of clippings which I thought might interest you.
Notwithstanding all that they say, I hear a number of people holding the same views that all three of you did, namely, they say that business may be good somewhere but it is not in their locality. This results in a very great deal of confusion of opinion.
Kind regards, and I hope you did not suffer from overwork of last Friday.

EXHIBIT P254
Letter. April 29th, 1927. Cashmore to Dohan.
This will acknowledge your letter of the 26th enclosing a number of clippings, all of which impart an optimistic outlook which makes interesting reading if true.
All of us, no doubt, could point to some feature of our business and write articles similar to those forwarded for the psychological effect but, taken as a whole, it is quite apparent that the Paper Industry generally has nothing much on which to base glowing reports.
We constantly are confronted with buying resistance and competition which has its effect with lower prices and increased cost of production with the net results reduced.
I am hoping something may turn up whereby we may look forward to increased business and share the general optimism prevalent in these reports. While I am not pessimistic as to the future of this business, I am not, on the other hand, over-optimistic.

EXHIBIT SP67 and P258
Letter. May 2, 1927. Dohan to Shedd Creamery.
Copy to Paterson Parchment Paper Co.
I heard in New York that your company proposed to erect a vegetable parchment mill.

I had a mill of this kind as part of an estate and operated it as Glen Mills Paper Company but sold it out in 1920. The people who purchased it did not manufcture parchment there but went on to some other grade which was more profitable during the war, and since that operation they have discontinued the use of the mill so that at present it is idle.

The mill is located at Glen Mills, Delaware County, Pa., and in my time had a capacity of about 10,000 lbs. per day parchmentized. As I have not been there since I sold the property, I do not know anything about its condition.

I believe these people would sell it quite reasonably, and as they are very favorable to me if you are interested I will be very glad to get you a price and details and arrange for its inspection at any time you desire.

While connected with the mill, I had to give it a great deal of personal attention, and in fact at one time when our Superintendent died suddenly I took charge of the mill and ran it for some months, so that I know a great many practical details and have at hand a great deal of the statistical information in regard to it.

If you are interested and will so advise me, I will be very glad to give you any preliminary information you wish, arrange for an inspection of the property and get you a price on it.

EXHIBIT P259

Letter. May 4, 1927. Shedd to Dohan.

Copy to Cashmore.

Your letter of the second received in regards to the paper mill which is being organized to make parchment paper.

We wish to state that the company which had been organized has purchased a mill at Trenton, Michigan, and they have also purchased their machinery to manufacture this paper.

We regret very much that we did not receive your letter sooner as we would have been very glad to have looked into the proposition however it is too late at the present time as we have everything taken care of.

Thanking you for writing us regarding this matter, we are

EXHIBIT P260

Letter. May 5, 1927. Repine to Dear George: (Mayer.)

Writer is submitting here what information he has gathered while in Detroit relative to a new parchment mill, rumors of

which you have heard. Information was obtained from numerous sources, but the most authentic probably from Mr. Shedd of The Shedd Creamery Co. whose office I left about an hour ago.

What knowledge you may already have I do not know but I shall give you what has come to hand relative to personnel, finances and policies. First I might state that Earl Shedd has invested $10,000 in this new enterprise.

The originator of the plan is a Mr. Levin (I previously informed you Levinson) for three years associated with KVP Co. as chemist. He is not a business man and has no money of any consequences.

There is in Detroit a man by name Rosenthal who is very wealthy and with many interests, Levin went to Mr. Rosenthal with his plans and figures, interesting him to the extent first of $100,000. Later he subscribed more and at present own $125,000 worth of the stock. The Secretary and Treasurer will be one by name Goldman, a selection of Rosenthals and who further furnished $25,000 for Goldman to invest. Shedd has $10,000 and a friend of his, Alvin Story (a relative of Levin's) $10,000 and a Wm. Stearns of Detroit about the same amount. Mr. Stearns is an old paper man being interested considerably in the Sefton Co. of Chicago and Mr. Shedd says another big wholesale paper concern with some numerous branches one of which is at Pittsburgh. (This may be Hubbs & Howe as Interstate Paper & Cordage Co. of Pittsburgh are part of that corporation. Or possibly Alling & Cory. This is merely speculation.) Mr. Lewis C. Frank a paper broker here in Detroit and whom Al referred to meeting advised that he had put $1,000 into it. So the whole proposition seems to center around this city.

Levin will supervise the manufacturing part of the business and has associated with him a German man whose name I don't know nor of his former connection but who is said to have had long experience in parchmentizing in Germany.

They have bot at Trenton, just outside of Detroit a property with buildings upon it and formerly used as a clothing factory. They will install just one parchmentizing machine and other equipment including several presses. They will purchase their waterleaf, from where Mr. Shedd did not know.

They have capitalized at $200,000, most of which amount has been accounted for here.

They endeavored to interest Hammond-Standish Co. in stock

and felt out the Ladd Co., neither of which have become interested.

Mr. L. C. Frank informed me that Mr. Levin believed he could manufacture a better piece of parchment than is on the market today i. e. more grease proof and whiter sheet. Mr. Shedd stated that Levin claimed he has much knowledge of the parchment business which he advanced while at Kalamazoo for the improvement of their sheet and which that firm would constantly reject — but that he knew he was right.

Their purpose will be (quoting Mr. Shedd) to make a high grade sheet and in matters or price they did not expect to buck the present parchment manufacturers or demoralize existing conditions; that they are going along in a small way and as far as he was concerned he was taking a gamble on the success of the outcome.

These are the principle facts which I have been able to gather in the time given to the subject.

EXHIBIT K-4

Letter. May 6, 1927. Kushell to Kindleberger.

Attention: J. Kindleberger.

I told you I would keep you informed on any new development regarding Ezra Levins Parchment outfit. I have been doing considerable gum shoeing and learned that the organization meeting took place last Friday and they are now going right ahead with their plant.

They have purchased a small factory, formerly used as a Clothing factory in the City of Trenton, Michigan, which is on the Detroit river, so they at least figure on having a good water supply. Also, that they are planning on having the Detroit Sulphite Paper & Pulp make their water leaf for them. They are also close by so they can truck this over in a few moments.

I understand that Ezra Levin is the only man that knows anything about the manufacturing end of the business, and he will have full charge of everything so far. They plan to do business by Fall.

The personnel of the organization consists of: Lewis C. Frank, who will probably take over the selling end. Earl Shedd of the Shedd Creamery and Mr. Thibodeau of the Cadillac Produce Company and several other men who have plenty of money.

From all indications Ezra Levin has certainly sold himself to this outfit, and if he can make good all the things he has told

them, he is able to do, and all the money he can make for them, they surely ought to be satisfied.
I will keep you advised of any further information I may have or any new developments I may hear of.

EXHIBIT K-5
Letter. May 7, 1927. Kindleberger to Dear Charley (Kushell.)
Thank you for all the information contained in your letter of May 6th concerning our New Baby Competitor.
Things are getting a little monotonous anyhow in our game, so we might as well have a little fun. It is all part of the game of life, so you can just look forward with pleasure at the competition that you will get from your New Baby Competitor.
It doesn't worry us any at all. Just let us have all the information that you do get as it might help us in playing the game.

EXHIBIT P256
Letter. May 9, 1927. Dohan to Cashmore.
I am sending you a report of the meeting of the Atlantic State Shippers Advisory Board. This is with the thought that it might be more interesting to you than it is to me.

EXHIBIT P257
Letter. May 10th, 1927. Cashmore to Dohan.
Thank you for your letter of the 9th enclosing report of the Atlantic States Shippers Advisory Board which is very interesting. Our Traffic Manager has been able to do some good work with this Board eradicating some troublesome situations through them which otherwise were proving difficult of solution.

EXHIBIT P261
Letter. May 12th, 1927. Cashmore to Dohan.
I have received the copies of correspondence you have had with Shedd Creamery Company of Detroit in reference to the new mill at Trenton, Michigan in which the Shedd Company or someone in their organization, is interested.
We have some further information in reference to this mill which I thought might be of interest to you and Iam giving it to you herewith.
It is reported that Earl Shedd of the Shedd Creamery Company has personally invested $10,000.00 in this new mill upon the assurance of one Mr. Levin (formerly with KVP) that there is a profitable field for another parchment mill.

Our representative has talked with Mr. Shedd on this subject who seemed very willing to give such information as we have. When our representative told him that there had been upwards of twenty-nine other competitors since we first started, he was very much surprised and laughingly said that perhaps this new venture would go the same as the other twenty-nine. The Shedds apparently have plenty of money and a mere $10,000.00 to them is merely change which might not be missed on a gamble. This Mr. Levin is a disgruntled former employee of KVP in the capacity of chemist who claims to have originated many new ideas for the improvement of parchment and which were rejected by KVP thus causing him to leave and associate elsewhere. In this connection, he applied to us for a position after leaving KVP claiming all sorts of wonderful developments and achievements. He is not a practical man so far as the manufacturing parchment is concerned. However, there is a German to be associated with him in the operation of the mill (name unknown) for whom is claimed a good knowledge of parchment having acquired fame in Germany. We are trying to determine the name of the German connection.

EXHIBIT P262A

Mr Levin has also interested a wealthy Detroit man by the name of Rosenthal who has subscribed $125,000.00 to this new venture. The Secretary and Treasurer will be a man named Goldman a friend and selection of Rosenthal and Rosenthal will furnish $25,000.00 for Goldman to investment.

A friend, Alvin Story, by name is investing $10,000.00 and William Stearns of Detroit a like amount. There are a few others, names unknown, who have invested small amounts which, together with the others mentioned above, will bring the entire proposition up to a capitalization of $200,000.00 which apparently is all paid in.

They are purchasing, as I understand it, a building formerly used as a clothing factory and are installing one parchment machine and several printing presses. They intend to purchase their waterleaf although at the present time, the source is unknown.

The matters seems to be centralized around Detroit and, if successful, will no doubt cut into the regular parchment business in Michigan although it is reported from Shedd that the new concern is not to cut in on the price getting business rather on

the quality basis. Mr. Levin seems to think that he can improve on our parchment and make a sheet more greaseproof and white. This is all the information I have at present. However, will keep you advised of any further developments as we learn of them.

EXHIBIT P263

Letter. May 16, 1927. Dohan to Cashmore.

Your May 12th letter received with the account of the Shedd enterprise at Trenton, Mich. I had dictated a reply to the Shedd Creamery in answer to their letter, but Miss Carroll was taken ill, and it did not get off, and under the circumstances I think I will omit it.

It is very regrettable that anybody should be foolish enough to go into an over-crowded business at this time.

EXHIBIT K217

Letter. May 18, 1927. Dohan to Dear K: (Kindleberger.)

Your May 16th letter received enclosing quotation in re withdrawal of change of Canadian duty on V. P.

I have not a copy of the Canadian Tariff available, but I think it is clear from the quotation that the present duty is under Sec. 197 and is 25% ad valorem and the attempt was to transfer V. P. to Item 199 which carries 35% ad valorem.

The attempt to have the tariff thus raised by the transfer was opposed by the Canadian Council of Agriculture, and this seems to confirm my understanding from the clipping that the present rate is 25% ad valorem.

A "When shall we three meet again?"

B "In thunder, lightning & in rain
When the hurly burly's done
When the battle's lost & won"

EXHIBIT K218

Letter. May 21, 1927. Kindleberger to Dohan.

Thank you for your letter of May 18th, giving me your opinion of what the Canadian Tariff really means.

We have a Waxed Paper Meeting on June 8th in New York. Why wouldn't it be a good thing to have a Parchment Meeting about the same time, say either on the 7th or the 9th?

EXHIBIT K216

Letter. May 24, 1927. Dohan to Kindleberger.

Your May 21st letter received. It is an excellent idea to take the opportunity of talking over the Import situation on June

7th, and I am writing the other parties in interest as per enclosed copy.
Enclosure.

EXHIBIT K212
Letter. May 24, 1927. Dohan to Moyer.
Copy to Mr. Kindleberger.
I have a letter from Mr. Kindleberger stating that he will be in New York on June 7th and 8th, and in view of the Import situation I think it very advisable for us to meet and consider the reported Imports. It is of the utmost importance that we keep in close touch with this situation and give Mr. Bullock the utmost assistance we can by reporting all information to him received in reference to quotations on Imported parchment so that he may as far as possible either identify them, if they have entered the country, or be on the watch for them, if they have not yet arrived.
I will, therefore, ask you and Mr. Cashmore to meet Mr. Kindleberger and me at Old Colony Club, Waldorf Astoria Hotel, New York, at 10:30 A.M., June 7th.
In advising me that this is satisfactory to you, will you please send a carbon of your letter to both Mr. Kindleberger and Mr. Cashmore?
It is possible I may be called out West, but I will only go in case of necessity but thought it better to advise you of this fact.

EXHIBIT K213
Letter. May 27, 1927. Kindleberger to Dohan.
I will be in New York on the 7th, 8th and 9th of June.
I do hope the rest of the Brethren will be able to be around about that time so we can have a meeting on the Import Situation as per your letter of the 24th.

EXHIBIT W124½
Letter. May 27, 1927. Moyer to Dohan.
Just returned from the East this morning and found your letter of the 24th advising Mr. Kindleberger will be in New York on June 7th and 8th and that in view of the Import situation you think it adviseable for the writer to meet with you at that time. It is a little inconvenient for me to come back East on June 7th but if the other members of the Import association are there I will be on hand. As requested a carbon copy of this letter is being

sent to Mr. Kindleberger and Mr. Cashmore and as soon as you have found out whether or nor the others will be present, wish you would advise.

EXHIBIT K214

Letter. May 31, 1927. Kindleberger to Dohan.

Your Humble Servant will be in New York on the 7th and 8th, possibly the 9th, so if the Brethren could be gotten together, it would be a fine thing.

We have quite a job on hand with the Waxed Paper Association. This Association needs some special attention and it is for this reason that I am coming at this time. From there I go to Boston, as my boy graduates at the Babson Institute.

So, I trust you can arrange a meeting at such a time that would not interfere with the Wax Meeting. If that meeting could be held say on the evening of the 7th, or on the evening of the 8th, or in the forenoon of the 9th, it would work very nicely into my program.

EXHIBIT W125

Letter. May 31, 1927. Dohan to Moyer.

Your May 27th letter received. I had a letter from Mr. Kindleberger and also one from Mr. Cashmore, both of whom advised that they will attend a meeting June 7th at Old Colony Club, New York, in the Import matter. 10.30 A.M.

Sorry to hear it is not entirely convenient to you, but gratified to know that you are going to make it a point to be present. In the meantime, gather up any information you may have about current quotations on imported parchment, and we will take them up on that day.

I am sending a carbon of this to Messrs. Kindleberger and Cashmore confirming the date and place of meeting.

EXHIBIT K215

Letter. June 2, 1927. Kindleberger to Dohan.

10:30 A.M. may be a little bit early, that is if you use the daylight saving time, as the train, the Wolverine, does not get in until 10:30. Then, of course, we want to get to the Hotel and get our face washed.

So, I may be thirty minutes late in arriving, but I will get there just as quickly as possible at the Old Colony Club, which I understand is in the Waldorf Hotel, on the morning of June 7th.

EXHIBIT W-126

Letter. June 2, 1927. Moyer to Dohan.

Yours of May 31st received and I will meet you on June 7th at Old Colony Club, New York. I am leaving here on the American which gets in New York about ten o'clock railroad time. That will mean nearly eleven o'clock New York time but it is the best I can do and while I may be a little late, I will be there.

EXHIBIT P264

Letter. June 9, 1927. Dohan to Cashmore.

I received a wire yesterday to go to Toledo, and am leaving today at 3:00 o'clock from New York.

You can reach me at Secor Hotel in event anything arises, and I will be entirely at your disposal. I hope this is clear.

I will call you up from New York on my return.

EXHIBIT P265

Letter. June 15, 1927. Dohan to Cashmore.

I will be over in New York on Friday. I have two or three matters to attend to, but if there is anything new in the matter of our conversation, or you would otherwise care to take luncheon with me, I will be very glad if you will do so.

PART OF EXHIBIT K219

Letter. June 15th, 1927. Wilkinson Brothers & Co. to Smith Mehly Paper Co.

We have just received a shipment of

Genuine White Vegetable Parchment Paper as per enclosed samples.

consisting of

1000 reams 24 x 36" 30–500 packed in bales of 10 reams

200 " " 40–500 " " " " " 8 "

We offer you this paper in bale lots at 15½c. per lb. F. O. B. New York, subject to prior sale net cash 30 days from date of invoice. Invoice will be dated as July 1st, 1927.

We shall be glad to have your orders which can be shipped immediately.

When replying please refer to C. Lipp.

EXHIBIT K 219

Letter. June 20, 1927. Dohan to Cashmore.

Enclosed please find copy of letter from Wilkinson together with samples of the imported parchment referred to.

Enclosures.

Copy to J. Kindleberger, Esq.

EXHIBIT W. 127

Letter. June 23, 1927. Dohan to Moyer.

I wrote to Mr. Brunner before he left about my charge in the Import matter and told him that I thought it ought to be $1,000 apiece. Mr. Cashmore advises me that a charge of $750.00 to $1,000 apiece would be satisfactory.

I am sending out the bills today at $750 each because on account of the relative size of your company I felt that $1,000 to you would be disproportionate and I did not wish to raise any question of proportionate interests involved, and, of course, I would not care to have you do so. I felt that I would like you to know this.

Enclosure.

EXHIBIT P422

Bill. June 23, 1927. Dohan to Paterson Parchment Paper Co.

To professional services in matter of Imports $750.00

Received payment,

Voucher No. 46952

June 29, 1927.

EXHIBIT K249-A

Bill. June 23, 1927. Dohan to Kalamazoo Vegetable Parchment Company.

To professional services in matter of Imports $750.00

Received payment,

EXHIBIT P260

Letter. July 15th, 1927. Cashmore to Dohan.

Am enclosing an article in which I feel you will find some interest and would like to have your comments.

EXHIBIT P267

Letter. July 19, 1927. Dohan to Cashmore.

Your July 15th letter with its enclosure received. I like Mr. Parker's article very much, and it is very much on the lines that we have been operating on. The great difficulty always lies in its practical application, but as long as the members of an industry make a conscientious effort to keep within the limitations of the law I do not think there can be any objection. The great difficulty is that every manufacturer has to fight two enemies — one within and one without — whose co-operation causes the vicious practices to arise. The man inside always wants to get more business and gets it by rebates, commissions,

and allowances of all kinds in making which he responds to the statements or suggestions of the outside enemy that the other manufacturers are doing the same thing.

Of course, this leads to reprisals, and when the suffering becomes sufficiently intense the tendency of the manufacturers would naturally be to take the short cut and eliminate the practices by fixing a minimum price.

The law says they can eliminate the practices but cannot fix the price no matter how reasonable it may be.

That is the reason that the manufacturer who observes the law is left with his hands up in the air.

The theories are all right and the law is all right, but the trouble is that both of them omit the human element. Probably the prohibition must exist until some way is found of having the public represented, and that can be done only through the extension of bureaucracy, so that the remedy may be worse than the disease.

I often wonder whether Mr. Brunner and Mr. Leonhard are coming back, and will be glad to know if you have any expectation of going West.

EXHIBIT P268

Letter. July 27th, 1927. Cashmore to Dohan.

I have been tied up so thoroughly this last week that I have not had an opportunity to acknowledge your letter of the 19th.

Am glad to have your comments on the article I forwarded to you on the 15th and in reply to your last paragraph, there have been no further developments on the H. C. proposition to call for a trip West as yet or at this time and as things are going very nicely in the Parchment Industry with very little complaints in reference to Imports, there is no immediate need for a conference.

I am leaving Friday of this week for my vacation which I will spend in Maine for three weeks and, upon my return, hope to have something tangible to work upon when I will get in touch with you.

EXHIBIT K-6

Letter. August 11, 1927. Kushell to Kindleberger.

I took a trip out to Trenton, Michigan to-day to try and get some further information regarding the operations of our mutual friend Ezra Levin and his new Parchment concern.

I observed that they are doing some extensive building and it looks like they mean business. They are going to have quite a good size plant when it is all finished. They have one Parchment machine, which is now partially assembled and are putting in the foundation for a second one. The name of the Company will be the "Storey Manufacturing Company", and from what information I can get from the Bank (that they are doing business with) they seem to have plenty of money to do things in the right way.

I was unable to get the personnel of the organization, but the Banker did tell me that Ezra Levin has been signing all the pay roll checks Etc. Etc., for the work that is now being done.

From all appearances they will bemaking paper in another month or so. In the meantime, I shall keep my ears close to the ground and any additional information I may be able to obtain, I will only be too glad to pass along to you.

EXHIBIT K-7

Letter. August 12, 1927. Kindleberger to Kushell.

We thank you for the information sent us under date of August 11 concerning the doings at Trenton, Michigan. This is very interesting to us.

At any time that you can give us any information, it will be very much appreciated.

It looks very much like we would have to keep in touch with the situation and we may have some fun ahead of us. All the information we can get will help us just that much.

EXHIBIT W-128

Letter. August 29, 1927. Dohan to Moyer.

I have a letter from Mr. Kindleberger telling me that he will be in New York the early part of September, in fact almost any time after Labor Day, and would like me to meet him as he wishes to discuss some matters relative to the Import situation.

I think all the manufacturers should participate. I am writing to Mr. Kindleberger to know what day we can meet in New York, and this is therefore to bring the matter to your attention and ask you to hold yourself in reserve for that purpose.

EXHIBIT W-129

Letter. August 31, 1927. Moyer to Dohan.

Your letter advising that Mr. Kindleberger will be in New York the early part of September received. My opinion is that we

should get together on the Import situation as soon as possible and it will be convenient for me to come East early in September. In fact, the earlier the better, as I expect to be called West on a rather extended trip shortly after the tenth or fifteenth.

EXHIBIT W-130

Telegram. September 2, 1927. Dohan to Moyer.

Meeting eleven o'clock Thursday, September eighth Old Colony Club.

EXHIBIT W-131

Telegram. September 3, 1927. Moyer to Dohan.

Will see you Old Colony Club, New York, September eighth.

EXHIBIT P269 and 277

Letter October 18th, 1927. West to Paterson.

In connection with the revision of the definitions of Paper Terms, which was published by the Paper Trade Journal in 1924, my attention has been called to the apparent confusion in the definitions of the terms parchment paper, imitation parchment, vegetable parchment, parchment deed and greaseproof papers. I am enclosing a copy of the definitions as printed in the first edition of this work. I would greatly appreciate your criticism of these definitions.

In this connection, may I ask whether in your opinion, imitation parchment and greaseproof paper, and also vegetable parchment and parchment are synonymous terms.

Thanking you for any information which you can give me along these lines, I am.

PART OF EXHIBIT P-269.

PARCHMENT DEED: A kind of very high-grade, heavy-weight writing paper of the bond type, in imitation of genuine sheepskin parchment.

GREASEPROOF PAPER: A term used to indicate a quality of certain papers, such as vegetable parchment, which are impervious to oil or grease; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

IMITATION PARCHMENT. (a) Paper rendered grease and waterproof by prolonged heating: sulphite used for this purpose.

See Greaseproof (b) Waterleaf rag paper, treated in a sulphuric acid bath to produce a tough and somewhat transparent grease and waterproof paper. See Vegetable Parchment
Both kinds are used for wrapping and for sanitary packages of various kinds.

VEGETABLE PARCHMENT. A term applied to waterproof, greaseproof and partially transparent paper, produced by passing a waterleaf sheet, made of rags or sulphite through a bath of dilute sulphuric acid and immediately washing; used as a sanitary wrapping.

PARCHMENT PAPER. (a) A term used to designate a kind of paper resembling the skin of a goat, sheep or other animals; made by treating a waterleaf rag or sulphite sheet with sulphuric acid.

(b) A very high-grade, heavy-weight bond paper, in imitation of genuine sheepskin parchment, to be used as a substitute therefor. See Parchment Deed.

GREASEPROOF PAPER. A term used to indicate a quality of certain papers which are impervious to oil or grease; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

PARCHMENT DEED. A kind of very high-grade, heavy-weight writing paper of the bond type, in imitation of genuine sheepskin parchment.

IMITATION PARCHMENT. (a) paper rendered grease and waterproof by prolonged beating; sulphite used for this purpose. See Greaseproof.

EXHIBIT S-13

Letter. October 19, 1927. Goldmann to Colton.

Concerning the "policy" of our company: Firstly, we have committed ourselves to a high standard of quality for our product. With this ideal we are coupling new ideas and a thorough knowledge of parchment manufacture, gained both In America and Europe.

Our objective is a Standard quality of absolutely certain uniformity; we intend building business solely upon the merit of our merchandise and service to our customers.

We will confine our sales to jobbers and converters, and protect their interests in territory assigned, under agreement.

Because as a company, we are a new concern and because we desire to uphold a high standard for parchment we have no desire to enter the field upon any other basis than to secure our business because we deliver a superior article.

We know our costs; our merchandising experience begets the proper basis for our costs and our strong position will enable us to compete, in price, with other manufacturers.

We are not entering Parchment manufacture with the idea of destroying existing businesses, but rather, with the idea of promoting a more rapid growth in the industry, by furnishing an improved parchment, one that will quickly and greatly increase the use of this paper.

At this time, we ask you to note that we are beginning business with a certain fixed purpose; and if our efforts during the years to come have much to do with the improvement of parchment, with the extension of its uses, and with a decided improvement in the methods of Manufacture and the methods of Selling Parchment, we hope that our reward will include your continued confidence and indulgence.

We are able to quote prices as per the established lists for 1927; and because we intend saving all expense connected with the direct selling to the consumer we are able to offer you a trade discount commensurate with the amount of business we can secure from you.

This trade discount will operate on a sliding scale, will cover twelve months shipments and will insure the proper return for the jobber who can secure a volume of business.

Our terms will be 2% thirty days.

We will deliver on board ship at New York, or equalize freight rate from Trenton Michigan, to San Francisco direct.

We want your business; we hope to secure it solely on the merit of our paper and our service to you. We are confident that a business connection can and will be made mutually interesting and mutually profitable.

EXHIBIT K-38

Letter. Oct. 31st, 1927. Greenlee to Southon.

You will recall my having mentioned to you several months ago that I had been given to understand that the F. C. Traver Paper Co., of this city, were financially interested in the new Parch-

ment Mill that Ezra Levin is starting up in the vicinity of Detroit, and that the F. C. Traver Paper Co. were to be the Chicago Distributors.

Now I don't know how authentic this is, but I believe I did tell you that I did see a letter that the F. C. Traver Paper Co. wrote Wilson & Co., declining to quote on some Printed Parchment (Doc, by the way, these were on Wilson's Caution sheets), but stated that they were heavily interested in a Company that would be ready to place their Product on the market within a few months, and that they would then be in position to make attractive prices.

Charley Moody has just 'phoned me that George Traver 'phoned him this morning, asking if he wouldn't bring over this afternoon one half dozen of West Carrollton's wholesale price list, and 18 retail price lists — enough for all of the F. C. Traver Paper Company's salesmen.

Mr. Moody called me up, and I believe he isn't going to send the price lists to George Traver, and if George Traver calls him again, he is going to suggest that the F. C. Traver Paper Co. communicate with the Mill at West Carrollton.

I was talking with Mr. Mertens and he tells me that every now and then George Traver asks for price lists and he gives it to him, but I told Mr. Mertens and everyone in my office not to give price lists to the F. C. Traver Paper Co., nor to solicit business on Parchment to them, and if they want any of our price lists, we will tell them to communicate direct with you.

We, of course, all know that the F. C. Traver Paper Co. will have no difficulty in obtaining our price lists, but knowing that they are to be competitors, if they want our price lists, they should take up direct with you.

We don't sell the F. C. Traver Paper Co. a dollar's worth of goods a year, so are under no moral obligation to them.

The F. C. Traver Paper Co., based on their past reputation, will soon have the market price on Vegetable Parchment demoralized; at least, in this locality; but I imagine that we expect it.

Please acknowledge.

EXHIBIT W-1

Letter. October 31, 1927. Moody to Moyer.

Here is a peculiar situation and somebody is lying evidently.

I reported to you that the dope in the yards is that F. C. Traver Paper Co. is going to represent the new parchment mill. Well

Saturday Geo. Traver, the president of F. C. Traver Paper Co., phoned, requesting that I mail him a supply of our wholesale and retail price lists — stated that they were going after Parchment biz — and that he wanted me to come over and talk to their salesmen, that be necessary to educate his force on parchment. I appeared dumb until I could figure out what this bird was trying to do to me — until I could actually find out if Traver was going to be their representative. So I told Traver I would mail him samples. Then I did nothing — to see what would develop. When I returned to office late this p. m. there was a call from Traver, so phoned him. He wanted to know where the price lists were. I told him found I did not have any, and had written the mill to send him price lists. Then told him that was rumored on the street that he was to be the new mill's representative — he denied it. Then I told him that he wrote letter advising one concern that he expected to be heavily interested in parchment biz shortly. He said that this did not refer to Michigan mill, but he stated that he had been and was still negotiating with Michigan new mill. Said would like to handle their parchment — claimed he was now doing a big biz in parchment. Claimed used carload every six days during last 90 days. Was doing his own printing at considerably less than our printing prices — also doing big circle biz printed and plain.

Said would be glad to use our parchment — that he was going into parchment stronger than ever. Been picking it up anywhere could get it — imported or otherwise — and if I or rather we would loosen up on roll prices, would be glad to give us his biz.

Now this is a new one on me and I think he has highly exaggerated what he is doing, and that he is lying in regard to tie-up with Michigan mill. Last time I called there was six months ago, they had never used parchment and were not using it then. I told him I had written the mill re price lists — it may be good policy to send him a supply as he will get them somewhere anyway. It might make them play along on our prices.

Kindly advise if want me to call and get a line on all this "new" tonnage — or any further information can get. In order to get any further information or make any further investigation, it will be necessary for you to send them wholesale and retail lists — which don't suppose you will want to do. Kindly let me hear from you promptly.

EXHIBIT W-2

Letter. November 1, 1927. Moyer to Moody.

I received your letter this morning with reference to the Traver Paper Company. I read it over and then left the letter alone until this afternoon. The more I think of it the less receptive I feel. Your statements in this letter as given you by Traver Paper Company show on the surface he is not telling the truth. If they have been selling a carload of Parchment every six days for the last ninety days I don't believe they need any help from us, on the other hand I think they should come over and give us a boost. What do you think? You know very well there is not that much loose Parchment business around Chicago. What they are after is a number of our price lists so they can equip their salesmen with them, then go out and cut under our prices. They want to do this to save themselves the trouble of getting up a price list of their own. At any rate this is my opinion, I may change my mind by tomorrow and if I do will comply with your wishes. However, I am going to wait a few days before sending the samples and price lists. You will hear more from me on this later. You know very well that there is a nigger somewhere in the wood pile.

PART OF EXHIBIT W-2. Written on back thereof.

Letter. Moody to Moyer.

You interpreted my letter exactly correct — it was written hurriedly — but I reported conversation and situation just as happened. I think Traver not only lied but also if he is really going to be the new mill's representative, then he did an unethical low down stunt when he pulled the camouflage he did with me to secure our price lists, at the same time the point is he will secure them somewhere anyway. So what had we better do? Ignore the request? Make him sore, or send him the lists?

EXHIBIT K-39

Letter. November 2, 1927. Southon to Greenlee.

Thanks for the information given to us in your letter of the 31st, relative to the activity of the F. C. Traver Paper Co.

I presume that after the next few weeks, conditions in the Parchment business will change considerably and we probably will have more or less to contend with. It will help us a lot if you will keep your ear close to the ground during the next few weeks

and let us know just as soon as you hear of any activities on the part of our new competitor, don't forget what Mr. Franklin told us the other night and as soon as you can find out what Mr. Ozmun accomplished during his visit to Trenton, which, we understand, is to take place on Thursday of this week.

EXHIBIT P278

Letter. November 2, 1927. Paterson to West

As requested in your letter of October 18th, we have revised the definitions of the paper terms as follows:—

GREASEPROOF PAPER. A term used to indicate a quality of certain papers which are impervious to oil or greases; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

PARCHMENT DEED. A kind of very high-grade, heavy-weight writing paper of the bond type, in imitation of genuine sheepskin parchment.

IMITATION PARCHMENT. (a) paper rendered grease and waterproof by prolonged beating; sulphite used for this purpose. See Greaseproof. Used for wrapping and for sanitary packages of various kinds.

VEGETABLE PARCHMENT. A term applied to waterproof, greaseproof and partially transparent paper. Produced by two processes; First — production of a water leaf sheet, made of rags or sulphite; Second — passing this sheet through a bath of sulphuric acid and immediately washing. Used as a sanitary wrapping. Odorless, tasteless, water resistent, grease proof. Its peculiar quality is that it may be soaked or boiled in water, salt solution, mild alkali, etc., without disintegrating or becoming pulpy.

PARCHMENT PAPER. This term should not be used.

We trust this is the information you desire.

EXHIBIT P270

Letter. November 3, 1927. Baker to Brunner.

What's Ahead of Manufacturers of Parchment Paper?

Several times during the past year complaints have been received from the manufacturers of parchment paper as to papers being marketed by wrapping paper mills which seem to conflict with true parchment paper. This conflict apparently arises over differences of opinion as to definition of parchment paper and because of changing conditions in the industry there may be greater conflict rather than less.

The manufacturers of parchment paper had an association of their own for several years and I believe found the contact worth while. Since the disbandment of the association there has been no way for the manufacturers of parchment paper to speak as a group. Even though there are but few mills manufacturing true parchment paper isn't it time for them to get together again in an association that will make it possible for them to meet such conflicts as those mentioned above and other common problems?

While it is furthest from our idea to urge duplication of organizations in the industry we know that so much good is coming from the work of some of the smaller organizations that we feel it would mean dollars and cents to the parchment mills to get together in an organization that need be neither pretentious nor expensive. What is your thought in the matter?

The final meeting of the Association's Committee on Definitions and Classification of Paper will be held at the Cosmos Club in Washington on November 29th. If you haven't already indicated your ideas as to the definition of parchment paper to Dr. Clarence J. West of the National Research Council in Washington I feel it would be advantageous to you to express yourself as to the definition. You will find attached a sheet giving the definition in the check list of definitions published some four years ago. This is being revised and will be reprinted in the next two months.

CLASSIFICATION AND DEFINITIONS OF PAPERS
A Combined Report of the Committees Appointed August 30, 1921, to Develop a Suitable Classification of Paper for Statistical Purposes and to Draft Tentative Definitions of the Terms as Used in the Manufacture and Merchandising of Paper.
Submitted by Clarence J. West, Chairman of the Committee on Definitions.

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Greaseproof Paper — P. 41. A term used to indicate a quality of certain papers, such as vegetable parchment, which

are impervious to oil or grease; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

Greaseproof Wrapping — 841. P. 42. A kind of sanitary wrapping paper made of sulphite pulp, usually Mitcherlich or other strong sulphite, beaten till thoroughly hydrated and also thoroughly jordaned. This paper resembles the vegetable parchment made by chemical processes, but is not stronger when wet than when dry, as is the case with vegetable parchment. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn and parchmoid.

Parchment Finish — P. 61. A term applied to a finish of paper resembling genuine parchment; this finish is usually produced on a plating machine similar to that used to obtain a linen finish, only instead of cloth, a regular thickness of rippled effect paper is used.

Parchmentizing. The process of treating unsized waterleaf rag or sulphite paper in a bath of sulphuric acid and the subsequent washing and drying of the paper to produce vegetable parchment.

Parchmentizing Paper — P. 61. A waterleaf sheet, used in the production of vegetable parchment, which see.

Parchment-Lined Board. P. 61. Chip and other boards, lined with vegetable parchment, imitation parchment or greaseproof paper to make them grease and oilproof.

Parchment Paper. P. 61. (a) A term used to designate a kind of paper resembling the skin of a goat, sheep and other animals, made by treating a waterleaf rag or sulphite sheet with sulphuric acid.

(b) A very high-grade, heavy-weight bond paper, in imitation of genuine sheepskin parchment, to be used as a substitute therefor.

Copy.

Washington, D. C. Nov. 2 — The Custom Bureau. Treasury Department has decided that there is no dumping on the American market of parchment paper from France. This case has been pending for a couple of years. In this connection Assistant Secretary of the Treasury, Seymour Lowman, has sent the following communication to the United States Appraiser of Merchandise at Baltimore. He says:

"I refer to your letter of August 26th, last relative to a notice of suspected dumping of a shipment of vegetable parchment paper imported by the Franklin Paper Company, Inc., from Dalle Freres & Lecomte, Nord, France.

"The shipment consisted of 7461 kilos and was purchased by the importer September 8, 1924. The purchase price as reported to you was $230.50 per 1000 kilos and the foreign market value on date of purchase was francs 464.05 per 100 kilos equivalent to $243.10 per 1000 kilos. Dumping notice was issued May 8, 1925.

"Through the cooperation of the Import Committee of the American Paper Industry a number of domestic manufacturers of parchment paper have submitted statements regarding foreign competition. While these statements indicate that there is some competition due to French importations, letters from consumers of parchment paper indicate in a number of instances that the paper they are using is imported from other countries.

"It further appears that during 1925 and 1926 the importation from such countries were very much larger than from France and also that for 1926 the average price per pound for French parchment papers was greater than the average prices for like paper from such other countries. There is nothing in the record to show that any injury which might have occurred was not due to the importation from such other countries rather than to the importations from France.

"In view of the foregoing, coupled with the fact your notice was the only one issued, the Department concurs in the opinion of the Anti-dumping United that a finding of dumping is not warranted. Appraisement report therefore need no longer be withheld so far as any question of dumping is concerned."

EXHIBIT K-40-B

Letter. November 4, 1927. Southon to Traver.

We have your letter of Nov. 2nd in which you advise us that you anticipate promoting the sale of Parchment Paper.

We heard just recently that this was your intention and we are very glad, indeed, to be of any assistance that we possibly can be in helping you to get started.

Under separate cover, we are mailing to you three complete price lists, both wholesale and suggested resale prices.

I do not think you will have any difficulty understanding these lists but if there is anything about them that is not clear to you and you will tell us what it is, we shall be very glad to advise you.

EXHIBIT K-40-A

Letter. November 7th, 1927. Greenlee to Southon.

Referring to your letter of Nov. 2nd with reference to the above subject.

I am in receipt of a copy of a letter you wrote the F. C. Traver Paper Co., for the attention of Geo. W. Traver, under date of Nov. 4th.

When Mr. Traver wrote you for these price lists, did he intimate that he was going to promote the sale of our parchment; or, just Parchment?

Did he say anything about being a competitor of ours?

Of course, you did right in sending him these price lists, but I wonder if he was trying to pull the wool over your eyes and lead you to believe that he was going to try to push the sale of our product.

George Traver was around the Yards this week, but so far as I know has not quoted prices, but has submitted samples, although I have not seen them.

Someone mentioned to me that George Traver was passing out samples of 25 lb. GENUINE Vegetable Parchment that were printed with their imprint and this party told me that it looked very much like our paper and that it was a very fine sheet.

On the very same day, one of the other buyers saw George Traver, and George Traver told him that they had not as yet manufactured any paper.

Where could they have obtained the samples they are showing?

Knowing Ezra as I do, nothing is impossible, and they might even go to the extent of buying our paper thru some jobber to fill orders. Such things have been done.

I have not had occasion to learn what Mr. Osman did with our new competitors, but if Mr. Osman sends out any bulletins on the subject, I will have no difficulty in getting a copy.

I am just afraid that Mr. Osman will try to get our new competitor to make the carload price to the little Packers, which price he knows we make to the Big Packers.

This, of course, will not make the Big Packers feel too good toward our new competitors and we are likely to be called on to do something better.

I have not a thing tangible to write you other than that the F. C. Traver Paper Co. are out interviewing the Trade, but will write you the moment I learn of anything tangible.

EXHIBIT P272

Letter. Nov. 7, 1927. Cashmore to Baker.

Mr. Brunner has given me your letter of November 3rd, in which you offer a suggestion of a reformation of the Parchment Association.

I am of the opinion that an Association might work to the benefit of the Parchment Manufacturers in many instances and feel that it would be of benefit if another Association could be formed without making a disfavor with the Federal Trade Commission. With reference to the standard definitions and classifications to which you refer in your last paragraph, we are outlining newer and more accurate definitions of papers which we manufacture for the consideration of the National Reserach Council.

EXHIBIT P271

Letter. Nov. 7, 1927. Brunner to Baker.

We were very glad to receive your letter of November 3rd. It is sometime since writer had the pleasure of having a delightful visit with you.

In reference to the contents of your letter on the subject of "Classification and Definitions of Papers" I have referred your letter to our Mr. Cashmore who will personally get in touch with you in following up this interesting subject.

With kindest and best wishes, and thanking you for your many favors, we remain

EXHIBIT K 220

Letter. Nov. 7, 1927. Kindleberger to Dohan.

A few weeks ago we received a sample of paper and on this paper was printed "Sample of Parchment thoroughly Parchmentized." This sheet was put out by the Racquette River Paper Company. I had Dr. Baker take this up with George Sisson of the Racquette River Paper Company and George said that the advertisement went out unbeknown to him. It surely is misleading. Dr. Baker did not return the sample that we sent him but I am enclosing his letter and a copy of the "Classification and Definitions of Papers" and I wonder if you couldn't take up the matter with Clarence J. West on the date indicated in Baker's letter to

have the definition of Parchment thoroughly understood by all Manufacturers. Any piece of white paper labeled as Vegetable Parchment should not be permitted.
Return Dr. Baker's letter to me when it has served its purpose.

EXHIBIT W-3
Letter. November 7, 1927. Moody to Moyer.
Well as a result of Mr. Traver's call to-day—the first attack was made on us. Cudahy went after me—that is Armstrong—but all through the conversation you could see the fine Italian hand of A. W. Ruf— of Cudahy's. I am going to give you below verbatim the argument put up by Armstrong. I told him—simply— that West Carrollton had their costs figured down as low as we could possibly get them to barely make a profit, and knew of no prospects of any lower prices—that's all I could say— and I stuck to it—no more and no less. Well here is the Cudahy drive — "Are you going to let this new Company come in and make a contract with Institute of American Meat Packers and tie them up for years contract, so that Packers like Morrell Deeker, etc. will place all their tonnage thru the Institute—are you going to allow them to get in with Institute at a lower price than we and Swift, Armour and Wilson are paying. The Institute and also other large buyers have been looking for a long time for some mill to start that is outside of the big three and it is going to be different from the Imported proposition—they, that is the big buyers and the Institute if this mill once gets going are going to give it enough biz to keep it alive—as they need it— for competition. Now then are you going to let them get this biz without trying to beat them to it—don't make the mistake you did on imported—beat them to it—or you will lose your standing—it won't look well to come down and meet the other fellows price—it won't sit well with the buyers—you haven't anything to offer except quality and service you undoubtedly have both but we want some competition etc. etc.—we are going to quit buying Parchment until we know where we stand—we want a proposition out of you for next year's biz"
Now, you analyze the above, and write me what argument better put up to meet this and other attacks I am going to get in near future.
Between you and I confidentially while I didn't of course comment or show my hand—at the same time I think they are right. We ought to go after this bunch right now and keep them away from

the Institute—your big biz with Morrell, St. Louis Packers etc. is liable to be jeopardized. It will not affect Patterson or Kalamazoo if the Institute ties up with Trenton—you will be the one that will get the real bumps if the Institute tries to make a big grandstand and contract which Osman will certainly try to do—would be right in his net to show up Swift and Armour buyers.

Of course you have gone over all these points and know what is correct thing to do. But I think we ought to beat them to it—if we did not have this Institute bug-a-boo I would not think so—but with Institute to figure in on the deal—I believe it makes a serious situation.

Nobody advised what Traver said—stated simply made initial call.

EXHIBIT W-4

Letter. November 7, 1927. Moody to Moyer.

Referring to that Traver request for price lists—you will remember I advised you he wanted these lists as claimed was going to go after parchment biz and wanted me to talk to his salesmen—then when called me second time—I asked him about his connection with the Trenton mill which he denied—but claimed he had used an enormous amount of Parchment in last 90 days—that he had averaged one car every 90 days. I phoned Greenlee of Kalamazoo and Cox of Paterson that same day and told them the story so he wouldn't get price lists from them—explaining if had asked for the lists as a Trenton representative we would have given same to him—but did not like his underhand cheap way of getting the lists—they both agreed with me—said could not give them to him under any circumstances. They both claimed never sold him any Parchment. Cox had never even heard of the concern—did not know who Trenton representative was. Greenlee told me to-day that Traver wrote Kalamazoo mill direct told them he was going to push Parchment and asked for their lists and the mill mailed them to Traver—they either fell for his lie or else they knew he was Trenton's representative and sent him the lists deliberately——well to show what a liar he was—I was told by couple buyers that he was out in the Yards to-day making his first call—for the Trenton mill.

I don't suppose I made a great hit with my new competitor but was his own fault—if he had not camouflaged—had come out

like a regular fellow and asked for the lists undoubtedly we would have given them to him. Makes me sore to have Kalamazoo slip up like they did in this instance.

EXHIBIT K-8

Letter. November 8th, 1927. Greenlee to Kindleberger.

Sample No. 1 attached represents a sample of the Storey Manufacturing Co.'s Product, as left with the Glidden Manufacturing Co. (Oleomargarine Manufacturers) by a representative of the F. C. Traver Paper Co., of this city.

Samples No. 2 represent samples of this Product as left with Wilson & Co. (Meat Packers) yesterday by this same representative.

In no instance have we learned what prices are being quoted, but I do know that Mr. Brucker of Armour & Co. told this representative yesterday that Armour & Co. wouldn't purchase GENUINE Vegetable Parchment from a Paper Jobber.

I would appreciate it very much if you could have the attached samples analysed, and while I wouldn't expect to use the information to knock a competitor's paper, I would like to be posted on the relative merits of their sheet as against ours.

Awaiting your reply.

encls.

EXHIBIT K-41.

Letter. Nov. 8, 1927. Southon to Greenlee.

In response to your letter of Nov. 7th, the F. C. Traver Paper Company are not pulling the wool over our eyes.

We know that they have no intention of selling our Parchment. As a matter of fact, I would not be at all surprised if the letter they wrote us was not a dulpicate of what they probably wrote the other Parchment manufacturers.

However, we could see no reason why we should refuse to send them price lists and offer them any help which we might give them. This we did, and today we are in receipt of another letter from them asking for additional information. We will send you a copy of our reply.

I have just recently received a sample of 25 lb. Parchment which they have printed and which they indicate is of their manufacture. Of course, there is more than a chance that the sample which

they are now using is some paper which has been furnished them by a young gentleman who is in their employ for the sheet, according to the analysis which we have made is practically 100% sulphite. If there is any rag in it, it is less than 5% and the sheet has not the strength which our sheet has.

We are not going to lose any sleep thru worry about this new competitor. They may upset things a little but I am inclined to believe that we will be able to do just as much business next year as we have this year. For one thing they have not the organization which we have and if we cannot hold our own, then we are not half as good as I believe we are.

Naturally we shall be interested in learning what Mr. Osman was able to get out of them to offer the small packers. I would not be at all surprised if Ezra Levin is not banking to a large extent on Mr. Osman's help and aid to introduce his Parchment to the packing industry.

EXHIBIT K-11. L. W. M.

Letter. Nov. 9, 1927. Kindleberger to Greenlee.

We have made a test of the Storey Manufacturing Company's Parchment, and Dr. Des Autels advises us that it is purely a wood sheet. There is no trace of rag in it.

The sheet has fairly good greaseproof qualities; the bursting strength on the Mullen tester is up to ours, also the wet strength; the machine tear and cross tear is much less than ours, about five points; in appearance, much darker but a little more transparent than our sheet. This would be true of a wood sheet over a rag sheet.

Pencil notation:

Dr. Des Autels: You might have this written up in a regular report form and I'll keep it in the files. . . Harold, send me two copies of the report please.

EXHIBIT K-9.

Letter. November 10, 1927. DesAutels to Kindleberger.

PHYSICAL TESTS ON STORY PARCHMENT SUBMITTED BY GREENLEE. (His letter 11-8-27)

Basis Weight — 26.0 lbs. — 23.9 lbs. — 23.9 lbs. — 24.9 lbs.
Average — 24.7 lbs.

			K.V.P. 25 lb.	K.V.P. 30 lb.
Burst.	(Dry)	19.5	15.01	18.7
(Higher than ours)	(Wet)	7.2	About the same	
Tear	(Mach.)	12.5	14.5	19.6
(Lower than ours)	(Cross)	14.5	15.36	20.3

Appearance — Darker and more transparent — harder parchmentized — than our 25 lb. or 30 lb. Parchment.

Rag Content — Not more than a trace.

Greaseproofness — Very good (naturally, because parchmentized hard.)

Note — Above tests as representative as possible from the four sheets we have received.

EXHIBIT W-5.

Letter. Nov. 11, 1927. Moody to Moyer.

Cudahy's buyer told me today that they now had Story's samples and price lists — did not have time to talk to me this aft— but he made this remark — "Do you know who is making their waterleaf?" I told him I did not. Asked him who was making it? Appearing dumb as possible, he replied — "There is a lot I can tell you, but not now. Anyway you are going to be surprised when you find out who is furnishing their waterleaf." Wish you would please advise what this party is driving at — do you know who is going to make their waterleaf? Armour asked me today when we were going to reduce our price on parchment. Wanted to know if anything doing yet. Told him no prospects of any reduction, far as we were concerned. Please keep me posted.

EXHIBIT K42

Letter. Nov. 12th, 1927. Greenlee to Kindleberger.

Mr. Southon's letter of the 8th and your letter of the 9th received.

I am going to be very careful not to knock the other fellow's sheet, and only if asked will I tell anyone that this competitive sheet as handed us is an all wood sheet.

I hear a lot of rumors about our new competitor, but am not going to let them discommode me in any way, nor am I going to get excited.

I understand that the buyers take delight in trying to get us nervous, but I am not going to get nervous.

Ezra Levin and the Secretary of their concern, Mr. Goldman, called on the Cudahy Packing Co. yesterday, and as usual. Ezra was full of ideas, and Mr. Armstrong said that if Ezra's ideas were as good as he tried to make them believe, they were wonderful ideas, and the Cudahy Packing Co. were interested.

Mr. Armstrong asked me, now that there are four parchment manufacturers in the field, what percentage of the Cudahy business I thought I was entitled to.

I told him that I would be satisfied with 50% of their business.

Mr. Armstrong stated that I was very modest in this, as I was getting much more than 50% now; then he said, what if this competitor gave them a 10% confidential rebate, what proportion of their business would I expect, and I told him that I would be satisfied with one third.

Of course, this is a josh, for as I have already stated, the buyers take delight in trying to make us nervous.

I understand that the F. C. Traver Paper Co. are not to represent this new competitor with the big packers, but that a gentleman who is a relative of one of Armour's officials is to handle their account at the Yards.

This may affect us with Armour & Co. to a certain extent, but I won't worry.

I know that this party got this account with his pull with Armour's, and if it gets him any business from Armour & Co., it will work just the opposite with the other Packers, for salesmen with a pull don't get anywhere now days.

I do know that the other jobbers are sore, because the F. C. Traver Paper Co. have the account here, and I also do know that the F. C. Traver Paper Co. don't stand high with the other paper jobbers.

Now, here's some tangible information I have received, and it was given to me over the 'phone by Howard Hollis of Hollis & Duncan, and he asked me to pass it on to you.

Ezra Levin and Mr. Goldman called to see Mr. Howard Hollis yesterday, and Ezra told Howard Hollis that their prices would be the same as ours for the time being, but that the Parchment combination would be dissolved in December, and after that he didn't know what would be doing.

Ezra, however, did tell Mr. Hollis that they would make no differential for Pony Rolls, Standard Rolls or Jumbo Rolls, claiming that it costs no more to furnish this paper in Rolls than in sheets.

Ezra told Mr. Hollis that they would make no extra charge for Treated stock.

Mr. Hollis told me that we had always been wet on this added charge for rolls, but I told Mr. Hollis that I was satisfied that the charge was legitimate, and I went on to explain that if Ezra went on to sell Jumbo Rolls or other Rolls without rewinding or building up, that they would have their own good time with the rolls.

I, myself, would like to see the time when we could sell the Treated stock at the same price we sell the Untreated stock, and not ask this 1¢ per lb. differential.

Winter, however, is coming on and the demand for Glycerine will increase right along and no doubt the price will advance proportionately; so if there is any chance of waiving the differential of the Treated stock, you surely should contract for your requirements for the Winter, and at a price as low as is possible.

The R. S. Hanchett Company are going to go after the Celery business and try to corral this business for the F. C. Traver Paper Co.

Right while Mr. Mertens was calling on the R. S. Hanchett Co. this week, Roy Hanchett called up George Traver and made an appointment for next Thursday.

Mr. Hanchett seems to think that he can sell all of the Celery wrappers used in Chicago, but he wants a commission out of it.

This is about all of the gossip I can give you, but I do wish you would right me about Ezra's waiving these differentials for rolls and Treated stock.

I told Howard Hollis that Ezra was a good Research Chemist, but that he had never had any experience in making paper or running a paper mill, and that possibly there was a lot for him to learn.

EXHIBIT K-43

Letter. Nov. 14, 1927. Kindleberger to Greenlee.

I thank you for your newsy letter of November 12th giving us all of the latest babblings of Ezra Levin.

Don't forget that Ezra is a good first-time Salesman; but he will fizzle out sure as shooting in due time. That is his history from a child.

If we would listen to Ezra Levin, we would all be busted or in the Nut House by this time. He knows more that isn't so than any man I have ever seen.

Of course, you can expect having him repeat a great many things and get some of his buyers all excited by talking, but talking and delivering the goods is a horse of a longer tail, and right here is where Ezra falls down, when it comes to delivering.

It is nice to know of this Jewish maneuvering as it sort of prepares us to meet the situation the next day.

EXHIBIT P273

Letter. November 14, 1927. Dohan to Kindleberger.

Copy to Patterson Parchment Paper Co.

I have your November 7th letter in regard to the Racquette River "sample of parchment thoroughly parchmentized." I am sure that Mr. Sisson will recall that because it is obviously misleading.

On the other hand, a good deal of an argument can be put up because parchment paper is, after all, only parchment because somebody called it that. The only thing is that it is a trade designation of such long standing that at least in the trade it conveys a very definite idea of a vegetable product having characteristics resembling those of animal parchment, such as appearance and in some degrees some of the qualities.

Outside, however, of a commercial designation and trade usage, the name conveys nothing to the uninitiated.

However, for all of our purposes the fact that it is commercially known as parchment paper is sufficient protection if in fact when in the trade a manufacturer produces a paper essentially different from that which is commercially known as parchment with the idea of creating an impression among the uninitiated (either inside or outside of the trade) that it has the characteristics of parchment.

It is not necessary to establish a trade designation that it should be known as such to every individual in the trade, but only that it should be commonly known in the trade as such, and, if so known, its production as parchment would be the subject of a discontinue order because the position which it assumed to fill had long before been preempted by what is known as genuine vegetable parchment.

I think if the matter is called to Mr. Sisson's attention he will be the first one to recognize the validity of prior designation.

In regard to Dr. Baker's letter, I am glad to know of the final meeting of the Associations Committee on Definitions and Classifications to be held November 29th at the Cosmos Club, Washington.

I think it is very important for us to have our definition made a matter of record in the earliest and most authoritative record possible. If you are likely to be East at that time I would suggest it would be an admirable idea for the parchment manufacturers to meet in Washington, say, on November 28th and formulate our definition (which we can far better do in person than by correspondence), and then in a body wait on Dr. Clarence J. West, of the National Research Council, and agree with him on the definition.

It happens that I represent a branch of that National Research and was down in Washington recently with them.

Let me hear from you promptly whether this arrangement would suit you, and in the meantime I am sending a copy of this letter to Paterson and to West Carrollton to ask their concurrence.

CLASSIFICATION AND DEFINITIONS OF PAPERS

A Combined Report of the Committees Appointed August 30, 1921, to Develop a Suitable Classification of Paper for Statistical Purposes and to Draft Tentative Definitions of the Terms as Used in the Manufacture and Merchandising of Paper.

Submitted by Clarence J. West, Chairman of the Committee on Definitions.

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Parchment Paper. P. 61 (a) A term used to designate a kind of paper resembling the skin of a goat, sheep and other animals; made by treating a waterleaf rag or sulphite sheet with sulphuric acid.

(b) A very high-grade, heavy-weight bond paper, in imitation of genuine sheepskin parchment, to be used as a substitute therefor.

Revised 7/8/25

Definitions adopted by American Paper & Pulp Association, 18 E. 41st Street, New York.

GENUINE VEGETABLE PARCHMENT PAPER (See Parchment.)

GLASSINE: A sanitary wrapping paper made of ordinary sulphite or Mitscherlich pulps by long continued beating followed by supercalendering. It is a highly transparent thin paper and is used principally for small envelopes, bags, covers and for

windows in envelopes. It may be decorated or embossed.

GLASSINE LINED BOARD: chip or other board lined with Glassine to add to the board the qualities characteristic of Glassine (see Glassine).

GLASSOID: A trade name for a material similar to glassine, but more highly finished and resembling isinglass.

GREASE-PROOF: A descriptive term loosely used to indicate a quality of certain papers such as imitation parchments which are resistant to oil or grease; so-called grease-proof papers are used principally for wrapping oily or greasy articles; such papers disintegrate in presence of water or moisture. Wax paper is not greaseproof.

GREASEPROOF WRAPPING: A sanitary wrapping paper made of Mitscherlich or other strong sulphite, beaten until thoroughly hydrated and also thoroughly jordaned. This paper is an imitation of the two-process genuine vegetable parchment made by chemical processes. It disintegrates in presence of water or moisture. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn, and parchmoid.

GREASEPROOF LINED BOARD: Chip or other board lined with any so-called greaseproof paper in order to add to the board the qualities characteristic of such papers (See Greaseproof.)

IMITATION LINED BOARD: Chip or other board lined with imitation parchment paper to add to the board the qualities characteristic of imitation parchment (See Imitation Parchment).

IMITATION PARCHMENT: A single process all lignocellulose (sulphite) paper so-called to designate it as an imitation of genuine vegetable parchment (and not as an imitation of animal parchment). Its qualities are produced by prolonged treatment in the beating engines. It resists grease but disintegrates in the presence of water or moisture.

Imitation is also known as parchmyn, pergamyn, greaseproof, butchers parchment, and various similar designations.

PARCHMENT: Two kinds so-called from their physical resemblance to or because they possess qualities similar to the characteristics of animal parchments made from the skins of sheep, goats, etc.:

(a) VEGETABLE PARCHMENT OR GENUINE VEGETABLE PARCHMENT so-called in contradistinction to animal

parchment; a two process paper consisting of (1) a "waterleaf" or unsized and absorbent paper composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) which (2) by a chemical process is converted into genuine vegetable parchment by treatment in a bath of sulphuric acid within a definite range of strength and temperature.

The converted product is insoluble and does not disintegrate in presence of either water, moisture, oil or grease; used as a sanitary packing for moist and dry food products, such as butter, lard, meats, etc.

Also known commercially as Genuine Vegetable Parchment paper to distinguish it from single process imitations of parchment known as imitation parchment, parchmyn, pergamyn, grease-proof, butchers parchment and various similar designations.

(b) PARCHMENT WRITING OR PARCHMENT BOND: A single process heavy weight bond paper composed of linen cellulose (linen rags) and ligno-cellulose (sulphite) of high durability and toughness produced by prolonged treatment in the beating engine: used as substitute for animal parchment for deeds, etc.

PARCHMENT DEED (See Parchment (b) Writing or Bond).

PARCHMENT LINED BOARDS: Chip or other board lined with genuine vegetable parchment paper to add to the board the qualities characteristic of genuine vegetable parchment paper (See Parchment).

PARCHMENTIZING PAPER: The basic material or waterleaf, an unsized and absorbent sheet composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) used for converting by the sulphuric acid process into genuine vegetable parchment paper (See Parchment Paper (1)).

PARCHMOID — trade name applied to supercalendered vegetable parchment.

PARCHMYN — trade name applied to imitation parchment.

PERGAMYN — trade name applied to imitation parchment.

VEGETABLE PARCHMENT PAPER (See Parchment (1)).

WATERLEAF PAPER (See Parchmentizing Paper).

EXHIBIT No. W-6

Letter. November 14, 1927 Moyer to Moody.

I am just back to the office this morning and of course found my desk piled full of mail, among them your several letters some of which we discussed while in Chicago.

I note in your one letter of the 11th you say Cudahy's buyer told you that Story's samples and prices were in at the Yards. I am wondering what their prices are. Further note that you ask I keep you posted. Certainly, I will do this as far as possible, but the chances are that you will know of any break or change before I do. So keep your ear close to the ground and let me know by wire or phone anything that might be of more than usual importance.

So far as who is furnishing Waterleaf for the new mill, they may have several connections, I don't know, but we do know that they had a few rolls run up by the Bryant Paper Company and that these rolls had no rag in them, it was all sulphite and, by the way, it was Nashwak Sulphite. You know these people have a 140″ machine and just as I told you, they probably will buy their Waterleaf from a sulphite mill, owing to the width of the machine.

All in all I think the buyers in the Yards are trying and will try to be as mysterious to you on this particular subject as possible, so don't get panicy and remember what I told you. We will have to meet the condition and price, but will have to do it with the same kind of a sheet as the new mill is furnishing them. I think this will answer your letter of the 11th.

You know when in Chicago I told you the story of the new Parchment Mill so far as had it. On my return home I received a confidential letter advising that a friend of ours had been informed that the new mill intended to sell their Parchment at the same price we sell ours. This information came from a good source and I certainly hope they will follow this policy. However, I doubt it very much and time along will tell.

EXHIBIT P16

Letter. Nov. 15, 1927. Gray to Cashmore.

Copy to Mr. Cox—Chicago.

You will be interested in learning I know that the above Company have already started actively going after our business and in a way that is hard to combat. The information I am passing on to you now has come from various channels, and

starts back at the time of Mr. Frank Stratford's visit to the East some time back. Of course, at that time I knew nothing about what was going on so could not advise you. It seems that previous to Mr. Stratford's visit East the Storey Mfg. Co. had written the Zellerbach Paper Company that they were starting into manufacture genuine vegetable parchment and as soon as they were ready to start production they would have an interesting and attractive proposition to make them and would like to learn if Zellerbach would be interested. Naturally Zellerbach sat up and took notice and it was so arranged that when Mr. Stratford went East he was to meet representatives of the Storey Mfg. Co., to see what they had to offer. Their proposition to him was that they wanted to give the exclusive sale of their parchment to the Zellerbach Paper Company for the whole Pacific Coast, would put a man out here working for Zellerbach to develop business and would sell them exactly according to the same terms and freight conditions as they were getting from their present source of supply, with 5% additional over whatever they were already paying. In other words, the Storye Mfg. Co. stated that they did not know what sort of an arrangement Zellerbach had with us but whatever it was they would go 5% better. In addition to this, they sent out samples of their first run of parchment—and I am attaching some of these samples for your inspection, so as to show Zellerbach the highclass parchment they could furnish.

Mr. Stratford thought this proposition interesting enough to cut his Eastern trip short and returned to San Francisco in time to lay this proposition before their Standardization Committee, which met 10 days ago. According to the report I received of what took place at the Standardization Committee meeting, the Managers from all Divisions came out very strongly for Paterson and stated that they were at least for the present perfectly satisfied with the support and cooperation they had had from us and were not anxious to make any change, but a resolution was passed suggesting that the matter be put up to me and through me to you, asking that the Zellerbach Paper Co. be given the exclusive sale of Paterson Parchment on the Pacific Coast.

I learned all of the above shortly after I returned from my Northern trip last Monday, and before I talked to Mr. Colton. Mr. Colton had several calls in for me here, asking that I get in touch with him immediately upon my return and I arranged for a meet-

ing last Wednesday, as the two days that elapsed gave me a chance to get all of the above information. A
At the meeting I had with Mr. Colton, he not knowing that I knew the above, stated that at their recent Standardization Meeting, they had had a very interesting proposition made to them by the Storey Mfg. Co. and that they had not taken any action upon it, awaiting the outcome of what we planned to do. He stated that the proposition made to them was so attractive that they could hardly afford to turn it down, but due to their friendly feeling towards us etc. etc. they had not wanted to take any action, and that a resolution had been passed by the Managers asking that he put the proposition up to Paterson, asking for the exclusive sale of our product. He also stated that he knew we were selling considerable through other accounts on the Coast etc. and that if we wanted to make some sort of an arrangement with them whereby we should continue to sell these accounts and allow them a commission on the business, it would be satisfactory to them.
Knowing what I did and having had time in the past day or so to be prepared for him, I told him very frankly that if we thought an exclusive would benefit the Zellerbach Paper Company we would have given it to them long ago, and that even now if he could show us where they and ourselves could profit mutually from such an arrangement, we might still give it to them, but that as the situation stood at present I personally could not see how it could be worked out to our mutual advantage, and so therefore I could not recommend it to you. We had a very long session arguing back and forth, and the final outcome of the whole matter was that Colton said he would leave it entirely up to me to work out something that would be satisfactory not only to him but to all of their Divisions. I know positively that Zellerbach are not at all anxious to break away from us but in view of their having first a similar proposition made to them by Kalamazoo, which was not even given serious consideration and then this proposition made by the above mentioned Company, they feel we should do something for them. I wish I could talk to you personally on this so I could repeat Mr. Colton's conversation verbatim, but inasmuch as so much was said, it would take a book to write about it.
I have several different ideas in mind of ways that may tend to keep the Zellerbach Paper Co. fully satisfied and am wondering if it would not be possible to meet yourself and Walter in

Chicago at an early date to reach some final decision on just what we should do regarding this, and will appreciate hearing from you if you have any suggestions to offer.
P. S. Had another session with Colton this afternoon at which he stated that if I were to go east to discuss this with you, he would perhaps be able to arrange to come east at the same time. However, I personally want to talk this over with you before you discuss it with Colton.

EXHIBIT P63
Letter. Nov. 15, 1927. Gray to Cashmore.
Your letter of Oct. 27 acknowledging receipt of copies of letters, I forwarded to you re the Creamery Package Co. of Portland, Kleist & Co., Portland, and Mr. Walter Johnson, Portland received, and I am now in a position to advise you further regarding those letters.
The Creamery Package proposition remains about the same as it did at the time I wrote, as Mr. McCombs, their manager, was East at the Dairy Show when I was in Portland so I was unable to see him. However I may have some information on this for you when Mr. Bennett returns this coming week, as he was to talk to Mr. McCombs about this matter before he left Portland.
The matter of my letter to Mr. Johnson is already straightened out and I do not believe we will hear anything further from that source, except that—after you read the following paragraph—you may get a complaint of some kind or rather a threat of some kind from Mr. Kindleberger.
Regarding Kleist & Co., as you perhaps noted in the letter I wrote Mr. Kleist, I told him that we could not fully support him under the existing circumstances. Mr. Kleist consumes about 125M to 130M lbs. of parchment per year, and has always divided this business equally between the KVP and ourselves. Ever since I have been on the Coast I have been desirous of getting all of Mr. Kleist's business as I was not satisfied in getting half, and accordingly for the past three years have been laying my plans so that at the proper time and with the proper persuasion could make him see things my way. Accordingly when Mr. Bennett went into the Northwest I gave him careful instructions that for the present he was not to attempt to take any business away from Mr. Kleist in the Territory immediately surrounding Portland, but was to take every single bit of business away

from him that he possibly could in the State of Washington, and Mr. Bennett was quite successful in doing that in and around Seattle. Therefore, according to my instructions Mr. Bennett in working the territory around Portland called at every creamery first to keep them sold on Paterson and to keep them specifying Paterson and second to secure samples of the wrappers that were being furnished by Mr. Kleist to learn if Kleist was furnishing Kalamazoo where Paterson was specified, and in getting these samples and examining them in this office, I found out according to Mr. Bennett's reports that in many cases Mr. Kleist was furnishing either sheet as he saw fit, even though ours had been specified.

Upon learning this I decided that the time had come when Mr. Kleist should handle either all Paterson or all Kalamazoo, and as I was pretty sure that were he forced to make a decision it would be in our favor I decided to go North and straighten the matter out at once.

Accordingly I went to Portland and to make a long story short, after spending two days with Mr. Kleist and arguing the proposition, I told him he must make a decision one way or the other. He either must handle Paterson 100% or not at all, explaining that we were not satisfied with the way the thing was working out at present, that we were losing our identity in that territory and that in addition to this we did not propose to have him — as he was doing under the present arrangement — furnish Kalamazoo where Paterson was specified. Inasmuch as I gave him no choice in the matter and as I am firmly convinced he was sold on our product, he finally decided to throw in with us and accordingly after he has used up the supply of KVP he now has on hand there will be no more of their product purchased by him.

He further agreed to advertise himself as furnishing Paterson exclusively and to keep our name before the Creamery trade in Oregon and Washington, as well as his own. This will mean aside from the other advantages we will get an increase in tonnage from Kleist & Co. next year of from 65M to 70M lbs. and will help very nicely to make up for the loss we suffered when we lost the Mutual Paper Company account.

Undoubtedly, KVP, when they learn they are not going to share in this business in the future, will raise an awful howl and so that you will be fully informed on the subject, I want you to know that no price concession of any kind was made to Mr.

Kleist nor were any other concessions made, with the exception of the promise I made him that we would not actively work against him and take the business he already has away from him.

In other words, now that Mr. Kleist has put in Paterson 100% he is to receive the same cooperation from us that any other 100% distributor of our product receives.

EXHIBIT P64

Letter. Nov. 15, 1927. Gray to Cashmore.

Your letter of Sept. 16 and your house letter of Oct. 27 regarding the above received and have not written you previously due to so many things developing on the Coast, which in a way affect this same proposition. In the last paragraph of your letter of Sept. 16 you asked me if possible to get the reaction of the trade, were we to pass on the increase to them and I have been trying to do this without making any definite statements.

In talking this matter over with quite a number of them, the reaction has been that if we are to increase their cost they will immediately add this increase on to their selling price, not absorbing any of it themselves. Just how this would affect the sale of our product in competition would remain to be seen.

In discussing this with Mr. L. A. Colton, he readily admitted that he did not blame us for not wanting to stand this increase ourselves and suggested that we issue new resale lists with the increase in freight rates added into the resale price. Of course, personally I do not believe this is the solution, but am merely passing on to you the various thoughts that have been given to me.

I am writing you another letter regarding the Storey Mfg. Co., our new competitor in parchment, and you may also want to take their attitude into consideration before doing anything on this matter. My last understanding of our contract on freight rates as it exists today and will exist up until Feb. 29 is that our new carload rate will be 65¢ per cwt. and that the L. C. L. rate is $1.25 per cwt. If I am not mistaken, the 65¢ rate is no higher than we were paying several years back; in fact, until the time of the last steamship war, at which time we were fortunate enough to get a 50¢ rate, and I would suggest that for the time being we do not pass this increase on to our customers.

I am planning at present to get a letter out to all of our jobbers, particularly those in the Northwest, requesting them to place larger orders if possible and not to string their orders out as in the past in small amounts, which they keep coming regularly.

However, this would be for stock only, and would not help with the many printed orders which particularly in the Northwest are coming in all of the time, and which cannot always be held up awaiting a full car. It may be possible to work something out so we could pass on this increase without harming ourselves, and I hope you will not take any action on it without first letting me know what you are planning to do.

EXHIBIT K 221

Letter. November 16, 1927. Dohan to Dear K: (*Kindleberger.*)
In reference to the enclosed letter which I dictated a day or two ago, it was held in order to take up the definitions. I find it will be practically impossible for me to have a meeting in Washington anywhere around the 28th. I have been laid up for the past ten days and not getting ahead fast enough to make it at all certain that I will be able to go about by that time. I, therefore, suggest to you (and am similarly suggesting the same to the others by copy of this letter) that you check over the definitions which, as I recall, we agreed upon in July 1925 and compare them with the definitions attached to Dr. Baker's letter (copy of which is also enclosed) and make any revisions that you see fit.

Then, after I have received revisions from you and the other manufacturers, I will incorporate them all in one and take up the matter with Dr. West, of the National Research Council, in person if I am able to go down, or otherwise by mail and endeavor to have the ones agreed upon adopted as the official definitions.

This is a matter which should be done with a great deal of care, because these definitions may have an important bearing in any future tariff discussion.

Please give them your earnest consideration, and let me have your prompt reply.

EXHIBIT P70

Letter. Nov. 16, 1927. Paterson to Gramer.

Complying with your instructions to our Chicago Office, we are today arranging to maintain in stock until otherwise instructed GEM FRANKFURTS wrappers as follows:
50,000 12 x 24 GEM FRANKFURTS Made in U. S. A. Cereal Added 5 Pounds Net Swift & Company
50,000 12 x 24 GEM FRANKFURTS Made in U. S. A. Cereal Added Artificially Colored 5 Pounds Net Swift & Company
As attached samples.

The above printed wrappers will carry printing charge of 85¢ per M sheets.

Trusting the above meets with your approval, we remain

EXHIBIT W-7

Letter. Nov. [illegible], 1927. Moody to Moyer.

I phoned that I was out to Jelke's yesterday and their buyer promised to look over their stock and phone me an order to-day — he showed me some samples of Story parchment that he had soaked in water that were dry and which were tough and hard to tear—he quizzed me about what we were going to do—but he did not mention anything about having a quotation—I did not make any comment—that is I did not say anything except that I understood they were not into production yet—as I figure it is not good biz to say anything about the wood sheet they are making—until forced to do so—or rather until we have some actual competition to fight against — he phoned me today that he had an order for me—but that could not place it with us—as he had a lower price—asked him who was quoting the lower price and what price was—but he would not commit himself—claimed was his opportunity to do some trading—I then phoned you after which called him back and told him would see him to-morrow — I then went out to Yards — while at Swift's—standing at rail—Gramer had just given me the orders enclosed to make out—when I heard some one side of me say—"we are making a high grade vegetable parchment"—I looked up—and here was a Jewish gentleman talking to Gramer—I immediately picked up my orders and moved along out of hearing of the conversation—I know Levin—it was not him—but

it was a Jew—well groomed—someone I had never seen before —so don't believe was a representative or any local jobber—evidently direct from mill — he talked to Gramer for about fifteen minutes—I then talked to Gramer and kidded him about new parchment representative and he kidded back—about how this concern was going to give us a run—etc.—but made no play about being quoted a lower price—I made a play at Armour's buyer later about the new representative—but he had not called on Armour up to 4 P.M. to-day—Armour never said anything about any price—so I am inclined to think that Jelke's buyer is trying to bear the market—without having any price to back up his claim—I will report further after have called on Jelke to-morrow

EXHIBIT P17

Telegram. Nov. 17, 1927. Cox to Paterson.

Hollis and Duncan have Jumbo roll order to place and insist on no advance for Jumbo rolls This they state being Story Parchment proposition on parchment that tests satisfactory Wire immediately how to proceed.

EXHIBIT W-8

Letter. Nov. 17, 1927. Moody to Moyer.

Jelke's buyer told me to-day that he had been quoted by Story prices lower than ours on both the parchment and also the printing—said this reduction in printing prices covered both the 1 lb. and 2 lb. size—Said had taken matter up with me first —but had not yet talked to Kalamazoo yet but was going to talk to Kalamazoo this aft—so maybe he might be more confidential with Kalamazoo's representative.

Cudahy's buyer advised Story's secretary—Mr. Goldman—was here yesterday—so this is the party I saw at Swift's yesterday. Cudahy stated had received personal letter in long hand written on Palmer Hse stationery from Goldman — in which he stated "Storey was going to do things" Cudahy buyer later in conversation stated was going to meet Parchment representative to-night and talk things over—meaning evidently Goldman— Cudahy made no play at me regarding having received lower prices from Goldman. Stated Bryant was making their Waterleaf—while this point is immaterial—he stated that Goldman was formerly a "Ready to Wear" salesman—

I cannot appear too interested as that would be advertising

Storey—neither can I ask them if had been quoted lower price—that's up to the buyer to bring up—now Cudahy has not said they have been quoted lower price—and no other buyer has intimated it except Jelke—who comes right out flat footed and says has been quoted lower on both plain and printed parchment—

This is all I have to report except to state that I am still worried about what Levin and Goldman are going to do with Osman of American Meat Packers Institute—they are no fools—if I was selling their parchment—I would play Osman strong—as the Institute's field is the entire packing industry outside of the Big Four Packers. Jelke's buyer said he was not in a hurry to place his order I stressed the point that a lower price did not mean anything if could not get delivery promptly—Said would let me know later—about the particular order was figuring on placing.

The only part of Goldman's conversation I overheard yesterday when he talked to Swift's buyer was when he started off with the words—"Genuine Vegetable Parchment"—the point about that is, that Storey evidently is soliciting biz on Vegetable Parchment not on a wood substitute.

EXHIBIT P21

Telegram. November 18, 1927. Cox to Cashmore.

Hollis & Duncan will give us their nine thousand pound Jumbo roll order today, providing he finds our two competitors also refuse to meet Story's proposition. I trust you are sure of what the other two will do.

EXHIBIT P19

Telegram. Nov. 18, 1927. Paterson to Cox.

Maintain price differential on Jumbo rolls to Hollis & Duncan, guaranteeing refund should conditions force us to meet this competition.

EXHIBIT P20

Telegram. Nov. 18th, 1927 Cashmore to Cox.

Meet Story price to Hollis & Duncan.

EXHIBIT K-13

Letter. Nov. 18th, 1927. Greenlee to Kindleberger.

I am attaching hereto two samples received Wednesday of the

Story Parchment Co.'s product.
Sample No. 1 is a sample left with Swift & Co.
Sample No. 2 is a sample of 25 lb. stock left with Armour & Co., so that they could conduct a test.
Mr. W. M. Gramer of Swift & Co.'s tells me that the Story Parchment Co. told him that they have a 148" machine, and that they can turn out Parchment quicker and therefore cheaper than any other Parchment Manufacturer in the Country.
I told Mr. Gramer that you could only run water-leaf thru the acid at a certain speed in order to obtain thorough parchmentisation, and that if speed was the prime element, an under parchmentised sheet would be the result. Isn't this true?
Mr. Nock, a son-in-law of Mr. Willett, one of Armour's Vice-Presidents and representing the Story Parchment Co., left samples of various weights with Mr. Brucker Wednesday, so that the Armour's Laboratories could test the paper out.
As I told Mr. Christy and Dr. DesAutels, if half what Ezra spoke were true, he would be a super-salesman.

EXHIBIT K-12

Letter. Nov. 18, 1927. Fletcher to Kindleberger.

Your letter of Nov. 7th has been read and reread, and will be read some more.
You may or may not realize it, but your occasional good cheer and "newsy" letters, are the next thing to a salesmeeting. Inspiring and instructive.
Assuming you are eager to get outside news, hear is some.
Our new competitors (parchment) have been working in Pittsburgh, but I don't thing they have sold much paper, as yet.
They are selling at K. V. P & Paterson prices, and don't seem to be backward about telling the trade, that their sheet is different. They claim great greese proof qualities, and volunteer to pore kerosene oil on the sheet and not have it go through.
They are making arrangements with the Interstate Paper & Cordage Co. of Pittsburgh (A Hubbs branch), to stock their papers, and will give them a selling arrangement, so they can sell the packing trade at our prices.

EXHIIBT P296

Letter. Nov. 18, 1927. Cox to Cashmore.

With reference to our exchange of telegrams yesterday and today —at this moment I am awaiting word from Mr. Howard Hollis

as to whether we may enter his order for Jumbo Rolls, the specifications of which are as follows:

3500 lbs. 9-5/8 inches wide basis 30 lb.
4250 lbs. Ditto 40 lb.
1250 lbs. 26½ inches wide basis 40 lb.

I managed to convince Mr. Hollis this morning that he could not afford to take a chance on Story Parchment Company's product, particularly in the form of Jumbo Rolls for converting purposes, and he said that if he found KVP and WCP were doing as I said — not meeting Story Parchment Company's competition for the present—he would tell me to go ahead with the order. As a matter of fact I took this order yesterday on the basis that we would enter it, unless I advised Mr. Hollis to the contrary. My logic here was that with Mr. Levin hanging around, Mr. Hollis if he did not get definite word from us in short order, might give the order to Levin. Or, if KVP with whom Mr. Hollis was in touch should phone before we did that they would meet the situation, they probably would get the order on the spot. Accordingly, I figured with the order in my possession I could block everything until I could get definite word from you, which of course I received this morning.

In connection with Story Parchment Company soliciting his business, Mr. Hollis told me as follows:—

He was visited by two Jews, one of which was Mr. Levin. The latter did a great deal of talking, saying among other things that his company not only would produce better parchment than was now being made, but could produce it at a lower cost by virtue of their larger and better equipment. By larger I mean that Mr. Levin claims to have a machine that will turn out considerable more parchment than any machine we or our other competitors have.

Mr. Levin said that his Company had entered into a price agreement with ourselves and the other parchment manufacturers, so that the wholesale price list he was handing Mr. Hollis would be found to contain prices exactly the same as ours. I was permitted to look thru this price list and found this to be a fact. However, Mr. Levin added that the agreement among the parchment manufacturers including his own company was effective only until December, when another meeting would be held, at which there was no telling what might happen. He advised Mr. Hollis as he said he was advising all others he visited to buy only as much parchment as was absolutely needed in view

of the possible, if not probable blow up in the price situation at the December meeting. With this kind of talk you may judge what a fool this man Levin is.

He went on to say, that in spite of his Gentlemen's Agreement, anything Hollis & Duncan might want in the form of Jumbo Rolls would be supplied without the ½¢ advance over base. Further, if Mr. Hollis wanted to get back to using glycerine treated paper, which he was using until the two cent advance prevented, why Mr. Levin would supply glycerine treated paper without any advance over base.

It just happens that Mr. Hollis is rather a square individual and likes to do business with Mills that keep their agreement; he likes to have the market stablized just as any good jobber or converter does, and so he quietly resented Mr. Levin's evidence of bad faith to the Mills he had just said he was in Agreement with. However, Mr. Hollis feels that he cannot afford to pay more for parchment than his competitors, and while he is willing to pass up Levin for the time being, he wants to be very sure that our other competitors are not meeting this competition. As a matter of fact, Mr. Hollis has always had the understanding just as I have had, that his big competitor, Kirshheimer have had a special arrangement with KVP whereby they do not pay the advance for Jumbo Rolls.

I attach 30 lb. and 40 lb. sample sheets which Mr. Levin left with Hollis & Duncan. I would be pleased to have your comments on this paper.

P. S. I have been in touch with both Greenlee of KVP and Moody of WCP in connection with this Hollis & Duncan matter. I have explained that a Jumbo Roll order we have was being held up because of this lower offer by Story. And that we are to be permitted to run the order, provided neither KVP or WCP broke the price. Both of these men stated that when and if Howard Hollis called them up they would stand pat on the established differential. Accordingly, I rather hope for Mr. Hollis to confirm his order later in the day.

EXHIBIT P18

House Letter. Nov. 18th, 1927. Cashmore to Cox.

I wired you today per confirmation attached which means that we will meet Story's price on Jumbo rolls eliminating the ½¢ differential.

This will also be authority to meet it wherever you have occasion but as yet it is not a definite ruling to apply to all cases.

I am leaving for the West, Sunday, the 27th, and expect to be in Chicago for a few hours on Monday night and Tuesday morning when I will have something more definite on this and other matters.

EXHIBIT W-9

Letter. Nov. 18, 1927. Moody to Moyer.

I phoned that report to Mr. Roddy to-day within fifteen minutes of time secured it—as figured you want me to post you promptly on matters of this kind—furthermore it was better to make this report verbally rather than put it in writing. All I want to add to my phone conversation—is this—This party—Levin talks too much—the line of talk he gave Hollis was ridiculous and—if he continues to "run off at the mouth" he will queer himself and his company with the trade — for which of course — we should worry—

EXHIBIT W-10

Letter. November 18, 1927. Moyer to Moody.

I have your letter of November 17th and note all you say about Jelke's buyer and Story Manufacturing Company. Perhaps these people have quoted lower prices on the paper, and I would not be surprised if they had cut the printing price, that is to be expected, how else can they get started. However, they have to make good on the delivery, also give good printing. Maybe it can be done cheaper, probably we will do it cheaper later on, I do not know, it is not our intention to be crowded out of the game, neither are we going to be rushed into making reduced prices before we know just what the other fellow is doing, so there is nothing to do but drift along as you have. Undoubtedly these people are coming in sometime and they are going to make trouble, not only for us but for themselves. I appreciate the reports you are sending on this and know that you are handing me just what you get. I am keeping it all together and we will just let it go at that for the time being.

I note what you say about Levin and Goldman working on the Institute of American Meat Packers thru Mr. Osman. You have told me this before and I know it, whatever they do will be done, I do not see that we can help it.

I notice in the last part of your letter you mentioned that Story evidently is soliciting business on Vegetable Parchment and not on a wood substitute. Of course he is but the sheet he now has is a Vegetable Parchment but made from all wood. There is just as much vegetable in wood as there is in rags and your statement don't mean anything. You do not expect him to go out to the Yards and tell them he had a substitute sheet, do you? I do not know as you could call it a substitute, it is a vegetable parchment, but not of the quality that a sheet is made from Rag contents.

EXHIBIT W-11

Letter. November 18, 1927. Moyer to Moody.

Your letter and orders mailed on the 16th just received this morning.

With reference to our new competitor in the Parchment field. Mr. Simonton of the Wakana Paper Company, who makes our Waterleaf, came down to see me last night, and in fact is spending part of the day here at the mill. He reports that yesterday Mr. Goldman, who by the way is the same well dressed Gentleman with the diamond ring that you reported seeing out at Swifts yesterday, called to see him and after a few preliminaries made the assertion that this matter of Parchment paper was a lot of hooey and that Parchment manufacturers were in the habit of putting in different proportions of Rags to a sheet, and they could then tell the customer anything, they could tell them it was 100% or 50% and the user of this sheet had no way to disprove the assertion. However, to boil this thing down, and get across to you something to stiffen your nerve, I want to say that these people are looking for a connection to make Waterleaf. It is very evident they are not in production and do not have a sheet to parchmentize. As I told you before, they did get a few rolls and possibly a half car from Bryant but they can't parchmentize it satisfactorily. The gentleman referred to above said the paper had air bubbles in it, was dirty and did admit that Bryant could not make a sheet of Waterleaf that would prove satisfactory, so he is roaming around the country trying to find a connection, and in the writer's opinion he will sooner or later learn that to make a sheet of Waterleaf is a real proposition, and that starting in the Parchment game is not a bunch of hooey, but real hard work and common sense.

Now I feel quite sure from facts before me, that Jelke has no better quotation. I also feel fairly sure that the new mill at this time is not in a position to make deliveries. We also have reasons to believe their parchmentizing machine is not working satisfactorily, so all in all we are going to stand pat, just along the lines I told you the other day.

I notice among the orders you sent in for Swift this morning, were several dated November 9th and here it is the 18th. Swift will be asking you why we hold an order nine days before shipping. I just wanted you to know, and in fact it is going to be a few days more before we can ship these orders.

However, Mr. Randolph promises to have them all started out by the last of next week.

EXHIIBT W-12

Letter. November 18, 1927. Moyer to Moody.

With further comments on the new Parchment mill. It looks to me as if there was a lack of organization in this outfit. Here they are with a Parchment mill on their hands and already admitting that the machine is not working out as expected. Furthermore, it would seem to me that a real good business man would have made sure on his connection or source of supply on raw material, before building a plant. This evidently they have not done. Furthermore, Mr. Goldman acknowledged to Mr. Simonton yersterday, that they are now convinced, in order to make a good sheet of Waterleaf they have to put in some Rags. Their first idea was that they could get by on a strictly all Sulphite sheet. If they decide it will be necessary to have a sheet with Rags in they are going to be more or less up against it to get a paper mill to handle the proposition, and especially mills equipped with a wide machine like they need. It is going to make the road that much harder for them. In this connection I just want to tell you that if this thing does come down to an all Sulphite sheet, we have not been asleep, but we do not want to talk anything about this at present, and furthermore I am afraid if it does come to an all Sulphite sheet, both ourselves and the users are going to have more or less trouble. It also looks to me that the longer it takes these people to get started, the weaker their position will be.

Referring to the Siwft orders you sent in this morning. We haven't your last order on the press and won't get it on before sometime the middle of the coming week. That means we can

start shipments after it is off the press. However, on these orders you sent in this morning. One was for Logansport, Indiana, with a notation "they had one months' supply on hand", so we will have wrappers to them long before they need them. The other order was for Bushnell, Illinois, with a notation "they have three weeks supply on hand", so we need not worry about that. That leaves one order for Marion, Indiana, and two for Parsons, Kansas. On each of these three orders we are going to ship them a bundle of 32,000 today, and I feel quite sure the rest will be on the way long before they begin asking for them.

I am leaving today for Cincinnati to see our attorney in reference to a suit that comes up next Monday. It is all about the trouble we had on the ink that offset on Armour's, Swifts, and other customers about two years ago. You will remember the circumstances. I do not know how we are coming out, but we have a damage claim against the ink company for over $7,000.00 We have all the evidence to prove this, but that don't mean we are going to win the suit, in fact our attorneys are rather dubious whether or not we can get damages, but at any rate we are going to make a hard try, so if you ever say your prayers, add a few words for my success in Cincinnati next Monday.

EXHIBIT K222

Letter. Nov. 19, 1927. Kindleberger to Dohan.

It would be very difficult for us to get away the latter part of this month on account of many other items that have come up and arrangements made for meetings, etc.

Personally, I don't see why the definition as given by the American Paper and Pulp Association, as found on the sheet we sent you and which you returned in your letter to us under date of November 14th, cannot be adopted.

I don't think this can be improved upon. Why not adopt it? It is according to the definition as found in the dictionary and encyclopaedia. It is simple; tells exactly what it is. That, to my mind, is the definition to apply to Parchment Paper.

I hope the other members will concur with us and have you put it through either in person or by writing.

EXHIBIT K14

Letter. Nov. 19, 1927. Kindleberger to Greenlee.

I just looked over the Storey Company's Parchment again, sample of which you enclosed.

I do not anticipate losing much of our business to this Company. We will lose some, we know — no matter how poor they make it, we will lose some orders — but I will bet my last dollar that we'll get most of it back that we do lose.

Keep us well informed of all information that comes to you.

EXHIBIT P275

Letter. Nov. 19, 1927. Kindleberger to Dohan.

It would be very difficult for us to get away the latter part of this month on account of many other items that have come up and arrangements made for meetings, etc.

Personally, I don't see why the definition as given by the American Paper and Pulp Association, as found on the sheet we sent you and which you returned in your letter to us under date of November 14th, cannot be adopted.

I don't think this can be improved upon. Why not adopt it? It is according to the definition as found in the citionery and encyclopaedia. It is simple; tells exactly what it is. That, to my mind, is the definition to apply to Parchment Paper.

I hope the other members will concur with us and have you put it through either in person or by writing.

EXHIBIT W-13

Letter. Nov. 19, 1927. Moody to Moyer.

The Jelke order enclosed was phoned to me by Allen's stenographer, this morning—I did not get a chance to talk to Allen.

I am inclined to believe from what happened at Hollis & Duncan that Allen is not lying—Levin no doubt knows what price Kalamazoo makes Jelke—and has made a lower price to get this biz as that would be the only way for Storey to get Jelke biz—Allen has probably investigated and found they cannot make delivery as I told him—I also feel certain the enclosed order is all that he bought—as he is not ready yet to place order for December delivery.

I was glad to get your letters to-day—as they gave me a stiff backbone—I have quit worrying about the Institute for awhile at least—and I also think after reading your letters that our friends are very poor business men—and if they keep on the way they started—that their proposition will be a flivver.

EXHIBIT W-132A (Part of Ex. W-132 of Nov. 21,'27)

Letter. Nov. 19, 1927. Kindleberger to Dohan.

It would be very difficult for us to get away the latter part of this month on account of many other items that have come up and arrangements made for meetings, etc.

Personally, I don't see why the definition as given by the American Paper and Pulp Association, as found on the sheet we sent you and which you returned in your letter to us under date of November 14th, cannot be adopted.

I don't think this can be improved upon. Why not adopt it? It is according to the definition as found in the citionery and encyclopaedia. It is simple; tells exactly what it is. That, to my mind, is the definition to apply to Parchment Paper.

I hope the other members will concur with us and have you put it through either in person or by writing.

EXHIBIT P274

Letter. November 21, 1927. Dohan to Cashmore.

I enclose copy of letter received this day from Kalamazoo Vegetable Parchment Company, and would like to have your comments. A copy of this letter is likewise going out to Mr. Moyer for the same purpose.

Trusting to hear from you at an early date, I am

Enclosure.

EXHIBIT P296½

Letter. Nov. 21st, 1927. Cashmore to Cox.

This will acknowledge your letter of the 18th, dictated while you were awaiting final word from Mr. Hollis in reference to their order for 9,000 lb. rolls referred to in our telegram.

In reading your letter, I note with interest that you have been in touch with both Mr. Greenlee and Mr. Moody and apparently they have had word to stand pat on the differential. However, I wired you to meet the competition of Story Parchment Company if necessary and note from the order as received that it was taken without the differential so I assume that Mr. Hollis forced the issue after you talked with the others and made it necessary to waive the differential before you could secure the order. This is alright as it is agreed to meet this competition where necessary for the time being until something definite may be determined.

I am forwarding to you the acknowledgment of this order and will thank you to forward the acknowledgment to Hollis & Duncan should the price as entered thereon be correct.
In doing this, I am calling your attention to the earlier understanding with Mr. Hollis that he was placing the business with us on the regular basis provided the two other competitors did not waive the differential so I am wondering if anything further has developed which made it necessary for us ourselves to waive.

EXHIBIT W-132 .
Letter. November 21, 1927. Dohan to Cashmore.
Copy to Mr. Moyer.
I enclose copy of letter received this day from Kalamazoo Vegetable Parchment Company, and would like to have your comments. A copy of this letter is likewise going out to Mr. Moyer for the same purpose.
Trusting to hear from you at an early date, I am
Enclosure

EXHIBIT W-132B (Part of Ex. W-132 of Nov. 21,'27.)

CLASSIFICATION AND DEFINITIONS OF PAPERS

A Combined Report of the Committees Appointed August 30, 1921, to Develop a Suitable Classification of Paper for Statistical Purposes and to Draft Tentative Definitions of the Terms as Used in the Manufacture and Merchandising of Paper.
Submitted by Clarence J. West, Chairman of the Committee on Definitions.

Glassine — 84. P. 41. A kind of sanitary wrapping paper made of ordinary sulphite or Mitcherlich pulps by long continued beating followed by supercalendering. It is a highly transparent thin paper and is used for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

Greaseproof Paper — P. 41. A term used to indicate a quality of certain papers, such as vegetable parchment, which are impervious to oil or grease; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

Greaseproof Wrapping — 841, P. 42. A kind of sanitary wrapping paper made of sulphite pulp, usually Mitcherlich or other strongsulphite, beaten till thoroughly hydrated and also

thoroughly jordaned. This paper resembles the vegetable parchment made by chemical processes, but is not stronger when wet than when dry, as is the case with vegetable parchment. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn and parchmoid.

Parchment Finish — P. 61. A term applied to a finish of paper resembling genuine parchment; this finish is usually produced on a plating machine similar to that used to obtain a linen finish, only instead of cloth, a regular thickness of rippled effect paper is used.

Parchmentizing. The process of treating unsized waterleaf rag or sulphite paper in a bath of sulphuric acid and the subsequent washing and drying of the paper to produce vegetable parchment.

Parchmentizing Paper. — P. 61. A waterleaf sheet, used in the production of genuine parchment, which see.

Parchment — Lined Board. P. 61. Chip and other boards, lined with vegetable parchment, imitation parchment or greaseproof paper to make them grease and oilproof.

Parchment Paper. P. 61 (a) A term used to designate a kind of paper resembling the skin of a goat, sheep and other animals; made by treating a waterleaf rag or sulphite sheet with sulphuric acid.

(b) A very high-grade, heavy-weight bond paper, in imitation of genuine sheepskin parchment, to be used as a substitute therefor.

EXHIBIT W-132-B-1 (Part of Ex. W-132 of Nov. 21, '27).

Revised 7/8/25

Definitions adopted by American Paper & Pulp Association, 18 E. 41st Street, New York.

GENUINE VEGETABLE PARCHMENT PAPER (See Parchment).

GLASSINE: A sanitary wrapping paper made of ordinary sulphite or Mitscherlich pulps by long continued beating followed by supercalendering. It is a highly transparent thin paper and is used principally for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

GLASSINE LINED BOARD: chip or other board lined with Glassine to add to the board the qualities characteristic of Glassine (see Glassine).

GLASSOID: A trade name for a material similar to glassine, but more highly finished and resembling isinglass.

GREASE-PROOF: A descriptive term loosely used to indicate a quality of certain papers such as imitation parchments which are resistant to oil or grease; so-called grease-proof papers are used principally for wrapping oily or greasy articles; such papers disintegrate in presence of water or moisture. Wax paper is not grease-proof.

GREASEPROOF WRAPPING: A sanitary wrapping paper made of Mitscherlich or other strong sulphite, beaten until thoroughly hydrated and also thoroughly jordaned. This paper is an imitation of the two-process genuine vegetable parchment made by chemical processes. It disintegrates in presence of water or moisture. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn, and parchmoid.

GREASEPROOF LINED BOARD: Chip or other board lined with any so-called greaseproof paper in order to add to the board the qualities characteristic of such paper (See Grease-proof.)

IMITATION LINED BOARD: Chip or other board lined with imitation parchment paper to add to the board the qualities characteristic of imitation parchment (See Imitation Parchment).

IMITATION PARCHMENT: A single process all lignocellulose (sulphite) paper so-called to designate it as an imitation of genuine vegetable parchment (and not as an imitation of animal parchment). Its qualities are produced by prolonged treatment in the beating engines. It resists grease but disintegrates in the presence of water or moisture.

Imitation is also known as parchmyn, pergamyn, greaseproof, butchers parchment, and various similar designations.

PARCHMENT: Two kinds so-called from their physical resemblance to or because they possess qualities similar to the characteristics of animal parchments made from the skins of sheep, goats, etc.:

EXHIBIT W-132-B-2 (Part of Ex. W-132 of Nov. 21, 1927).

(a) VEGETABLE PARCHMENT OR GENUINE VEGETABLE PARCHMENT so-called in contradistinction to animal parchment; a two process paper consisting of (1) a "waterleaf" or unsized and absorbent paper composed of cotton cel-

lulose (cotton rags) and ligno-cellulose (sulphite) which (2) by a chemical process is converted into genuine vegetable parchment by treatment in a bath of sulphuric acid within a definite range of strength and temperature.

The converted product is insoluble and does not disintegrate in presence of either water, moisture, oil or grease; used as a sanitary packing for moist and dry food products, such as butter, lard, meats, etc.

Also known commercially as Genuine Vegetable Parchment paper to distinguish it from single process imitations of parchment known as imitation parchment, parchmyn, pergamyn, grease-proof, butchers parchment and various similar designations.

(b) PARCHMENT WRITING OR PARCHMENT BOND: A single process heavy weight bond paper composed of linen cellulose (linen rags) and ligno-cellulose (sulphite) of high durability and toughness produced by prolonged treatment in the beating engine: used as substitute for animal parchment for deeds, etc.

PARCHMENT DEED (See Parchment (b) Writing or Bond).

PARCHMENT LINED BOARDS: Chip or other board lined with genuine vegetable parchment paper to add to the board the qualities characteristic of genuine vegetable parchment pape (See Parchment).

PARCHMENTIZING PAPER: The basic material or waterleaf, an unsized and absorbent sheet composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) used for converting by the sulphuric acid process into genuine vegetable parchment paper (See Parchment Paper (1)).

PARCHMOID — trade name applied to supercalendered vegetable parchment.

PARCHMYN — trade name applied to imitation parchment.

PERGAMYN — trade name applied to imitation parchment.

VEGETABLE PARCHMENT PAPER (See Parchment (1)).

WATERLEAF PAPER (See Parchmentizing Paper).

EXHIBIT P66

Letter. Nov. 22nd, 1927. Cashmore to Dohan.

Pursuant to our telephone conversation, I will be very glad to

be in Washington with you on the 29th provided it will be possible for us to leave at midnight to arrive home Wednesday morning to come directly here for attendance at our Directors' meeting referred to in another letter.

I mentioned the matter to Mr. Brunner who does not care to go although he hopes we shall have the pleasure of seeing you next Wednesday, the 30th.

There are several other matters, I wish to discuss with you and I had intended trying to arrange a trip to Philadelphia and spend sometime with you in your office but perhaps we may be able to discuss many of these matters on our trip to Washington.

The new Parchment Company at Michigan are quite active which will necessitate our meeting their competition and this, among other things, is one of the questions I wish to discuss with you and have the advantage of your wise counsel.

EXHIBIT W-14

Letter. Nov. 22, 1927. Moody to Moyer.

Of course we don't want to kid ourselves — but I am under impression that Levin and Goldman did not accomplish much on their recent round up of Chicago trade —

The only concerns so far that have brought up the Storey proposition Cudahy — Jelke — and Hollis and Duncan — Even Cudahy on my last two calls have not mentioned Storey — Jelke placed two orders with us since claimed had lower quotation from Storey — so suppose found out could not get delivery — or else afraid of quality at present.

EXHIBIT P297

Letter. November 23, 1927. Cox to Cashmore.

Acknowledging your letter of November 21st the Hollis & Duncan Jumbo Roll matter developed like this:

Last Friday afternoon while this order was pending there was a long wait for word from Mr. Hollis as to whether or not we were to have the order. His delay was the result of his waiting for word from KVP and WCP as to what they would do. As I reported to you I had talked with both Moody and Greenlee earlier in the day and they said they had no instructions to meet any cut price by Story. However, the delay in the afternoon caused me to suppose that they were in touch with their respective Mills for positive instructions.

Then I received your telegram stating "Meet Story Price to Hollis & Duncan." I turned the thing over in my mind and figured that possibly and even probably you had been in long distance conference with KVP and WCP with the result that it had been decided to meet Story's price. I reasoned that if this should be the case, then Greenlee and Moody being so advised, would immediately notify Hollis. And further I reasoned that in all probability the first one to tell Hollis that the price was being met would be told to run the order. Accordingly with a view of playing it safe, at least so far as getting the order was concerned, I immediately called Mr. Hollis and said we would meet the price. Just what he eventually heard from the other two, I do not know but I felt I was safe in proceeding as I did in view of the wording of your telegram. That is it stated without qualification to meet Story's price.

EXHIBIT P59·

Telegram. Nov. 23rd, 1927. Cashmore to Gray.

Regarding your recent letters arrange to meet me in Chicago December 2nd. I have no objection to Colton coming also but will want previous conference with you before talking to him. You arrange as you see fit, holding all matters for discussion at that time.

EXHIBIT P279

Letter. Nov. 23rd, 1927. Cashmore to Dohan.

In reply to your letter of November 21st, I am enclosing our suggestions for definitions as they affect us.

I am of the opinion that these definitions should strictly define the different papers and be established from technical and legal aspects with the National Research Council for future use in determining the tariff on imports of these various specified classifications.

I am planning to be with you on the trip to Washington in this regard and wait your final word and arrangements as to the details.

EXHIBIT K 223

Letter. November 25, 1927. Dohan to Kindleberger.

I have your November 19th letter, and in regard to the definitions I will go over these, check them up and will either take them up personally with Dr. Baker and Dr. West, at the Cosmos Club, on the 29th, or I will do it by mail.

These definitions may at sometime have an important bearing in the import situation, and I am inclined to think that the import question is one which should have rather early consideration, and I have noted the prospects of some kind of a tariff treaty with France and it occurred to me that if France got any concessions of any kind, which do not seem to me to be possible, French parchment might benefit by it to the detriment of the American manufacturers and this is a matter which I believe we should watch with a great deal of care.

Our interests in these matters are so vital that I believe it advisable for us to take the earliest opportunity to have a meeting for their discussion. If, therefore you advise me when either you or Mr. Southon will be East, or otherwise available, I will be very glad to get the other manufacturers to meet at any point convenient to all.

EXHIBIT P280

Letter. November 25, 1297. Dohan to Baker.

Copy to Paterson Parchment Paper Co.

I am still laid up, and will not be able to go to Washington on November 29th. I regret this very much as I should like to meet Dr. Clarence J. West in order to put before him what seems to me to be of the utmost importance to the American parchment manufacturers. As you probably know, I represent Paterson Parchment Paper Company, Kalamazoo Vegetable Parchment Company and West Carrollton Parchment Company. I believe another manufacturer has recently started somewhere in the middle west.

This matter of definitions is of great importance as the publication will be authoritative, and doubtless will be referred to in future tariff legislation.

A few years ago proposed definitions were submitted to the parchment manufacturers and were referred to me. After considerable debate and numerous revisions, the final draft was approved and forwarded to you as the revision of 7/8/25 (copy enclosed).

There were two principles which we tried to emphasize without partisanship, viz:

(1) That the term "parchment paper" is a trade designation for genuine vegetable parchment only.

(2) That it is a two process paper and to be clearly differentiated from a single process paper.

The importance of these points lies in this:

(1) Genuine vegetable parchment preempted this designation by its priority in time and became so known to the trade after a long and hard struggle by Paterson Parchment Paper Company in its manufacture and introduction. No other paper of its appearance or with any of its characteristics had previously been made or known to the trade in this country.

Its success resulted in time in the manufacture of numerous imitations of it which at first were so designated but the manufacturers subsequently dropped the qualifying word and for several years have sold imitations as parchment with the result of loss to many who have used it for purposes for which only genuine parchment is suitable and with resulting injury to the parchment manufacturers.

(2) In tariff legislation there has never been the recognition of the very great difference in plant investment and in manufacturing process. In genuine parchment two plants and two processes are required whereas imitation requires but one. Moreover, the conversion process involves by far the larger capital investment and the greater cost of manufacture.

I think it is entirely just and fair and desirable to emphasize both of these points and that it may properly be done without partisanship. I enclose Dr. Clarence J. West's "Classification and Definitions of Paper" and my Revision of 7/8/25, with notes on both, for submission to Dr. West which I hope will meet his approval. As they represent the unanimous opinion of the parchment manufacturers (except the newcomer whom I have heard of), I trust they will have earnest consideration.

Enclosures.

P. S. Our effort in the definitions was to cover every possible reference to these two kinds of paper. Extra copy of this letter and its enclosures is enclosed to facilitate sending copies to Dr. West if you wish to do so.

NOTES ON CLASSIFICATION AND DEFINITIONS OF PAPERS:

II. Vegetable parchment is not impervious to oil or grease: both of them soak through the paper and stain anything on the opposite side. It is resistant in a less degree than imitations.

III. It was formerly stated that vegetable parchment was stronger wet than dry, but the manufacturers state that the Mullen test shows that it is not, and they no longer make

this statement. Vegetable Parchment when wet stretches before it breaks, but its Mullen test after stretching is not higher when wet.

IV. I am not familiar with this as a trade term.

VII. Parchment-Lined Board is not here differentiated from Imitation Parchment-Lined Board.

Imitation parchments are not entirely grease and oil proof but only resistant in various degrees.

VIII. The Vegetable Parchment manufacturers earnestly desire to have the definition of their product stated in such a manner as show (1) That it is a two process paper; (2) that its characteristics are different from imitations, i. e. does not disintegrate (as imitation does) in presence of moisture; (3) that Parchment means "Vegetable Parchment" to distinguish it from Imitations whether or not they are so called. See Definition K (a) and the corresponding definition (I) for Imitation Parchment (See letter to Dr. Baker 11/25/27).

CLASSIFICATION AND DEFINITIONS OF PAPERS

A Combined Report of the Committees Appointed August 30, 1921, to Develop a Suitable Classification of Paper for Statistical Purposes and to Draft Tentative Definitions of the Terms as Used in the Manufacture and Merchandising of Paper.

Submitted by Clarence J. West, Chairman of the Committee on Definitions.

I. Glassine — 84. P. 41. A kind of sanitary wrapping paper made of ordinary sulphite or Mitcherlich pulps by long continued beating followed by supercalendering. It is a highly transparent thin paper and is used for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

II. Greaseproof Paper — P. 41. A term used to indicate a quality of certain papers, such as, which are to oil or grease; used generally for wrapping articles that are oily or greasy; waxed paper is not greaseproof. Also includes greaseproof wrappings.

III. Greaseproof Wrapping — 841, P. 42. A kind of sanitary wrapping paper made of sulphite pulp, usually Mitcherlich or other strong sulphite, beaten till thoroughly hydrated and also thoroughly jordaned. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn and parchmoid.

IV. Parchment Finish — P. 61. A term applied to a finish of paper resembling genuine parchment; this finish is usually produced on a plating machine similar to that used to obtain a linen finish, only instead of cloth, a regular thickness of rippled effect paper is used.

V. Parchmentizing. The process of treating unsized waterleaf rag or sulphite paper in a bath of sulphuric acid and the subsequent washing and drying of the paper to produce vegetable parchment.

VI. Parchmentizing Paper. — P. 61. A waterleaf sheet, used in the production of vegetable parchment, which see.

VII. Parchment-Lined Board. P. 61. Chip and other boards, lined with vegetable parchment.

VIII (a). Parchment Paper. P. 61 (a) A term used to designate a kind of paper resembling the skin of a goat, sheep and other animals; made by treating a waterleaf rag or sulphite sheet with sulphuric acid.

(b) A very high-grade, heavy-weight bond (writing) paper, in imitation of genuine sheepskin parchment, to be used as a substitute therefor.

Revised 7/8/25.

Marginal (numeral) References are to Report of Committee on Definitions, &c.

Additions are underscored: Omissions are ruled out.

A. GENUINE VEGETABLE PARCHMENT PAPER (See Parchment).

B. (I) GLASSINE: A kind of sanitary wrapping paper made of ordinary sulphite or Mitscherlich pulps by long continued beating followed by super-calendering. It is a highly transparent thin paper and is used for small envelopes, bags, covers and for windows in envelopes. It may be decorated or embossed.

C. GLASSINE LINED BOARD: chip or other board lined with Glassine to add to the board the qualities characteristic of Glassine (see Glassine).

D. GLASSOID: A trade name for a paper similar to glassine, but more highly finished and resembling isinglass.

E. (II) GREASE-PROOF PAPER: A term used to indicate a quality of certain papers (or to designate such papers) such as imitation parchments which are resistant to oil or grease; used generally for wrapping oily or greasy articles; such papers

disintegrate in presence of water or moisture. Waxed paper is not grease-proof. Also includes grease-proof wrappings.

F. (III) GREASEPROOF WRAPPING: A kind of sanitary wrapping paper made of Mitscherlich or other strong sulphite, beaten until thoroughly hydrated and also thoroughly jordaned. This paper is an imitation of the two-process genuine vegetable parchment made by chemical processes. It disintegrates in presence of water or moisture. It is used for wrapping greasy food products and is also the base from which glassine is made. Also called imitation parchment, pergamyn, and parchmoid.

G. GREASEPROOF LINED BOARD: Chip or other board lined with any so-called greaseproof paper in order to add to the board the qualities characteristic of such papers (See Greaseproof).

H. IMITATION LINED BOARD: Chip or other board lined with imitation parchment paper to add to the board the qualities characteristic of imitation parchment (See Imitation Parchment).

I. IMITATION PARCHMENT: A single process all ligno-cellulose (sulphite paper so-called to designate it as an imitation of genuine vegetable parchment and not as an imitation of animal parchment). Its qualities are produced by prolonged treatment in the beating engines. It resists grease but disintegrates in the presence of water or moisture.

J. Imitation is also known as parchmyn, pergamyn, greaseproof, butchers parchment, and various similar designations.

K. (VIII (a)) PARCHMENT: Two kinds so-called from their physical resemblance to or because they possess qualities similar to the characteristics of animal parchments made from the skins of sheep, goats, etc.:

(VIII (a)) (a) VEGETABLE PARCHMENT OR GENUINE VEGETABLE PARCHMENT so-called in contradistinction to animal parchment; a two process paper consisting of (1) a "waterleaf" or unsized and absorbent paper composed of cotton cellulose cotton rags and ligno-cellulose (sulphite) which (2) by a chemical process is converted into genuine vegetable parchment by treatment in a bath of sulphuric acid within a definite range of strength and temperature.

The converted product is insoluble and does not disintegrate in presence of either water, moisture, oil or grease; used as a

sanitary packing for moist and dry food products, such as butter, lard, meats, etc.

Also known commercially as Genuine Vegetable Parchment paper to distinguish it from single process imitations of parchment known as imitation parchment, parchmyn, pergamyn, grease-proof, butchers parchment and various similar designations.

(VIII (b)) (b) PARCHMENT WRITING OR PARCHMENT BOND: A single process heavy weight bond paper composed of linen cellulose (linen rags) and ligne-celluloise (sulphite) of high durability and toughness produced by prolonged treatment in the beating engine: used as substitute for animal parchment for deeds, etc.

L. PARCHMENT DEED (See Parchment (b) Writing or Bond).

M. (VII) PARCHMENT LINED BOARD: Chip and other board lined with genuine vegetable parchment paper to add to the board the qualities characteristic of genuine vegetable parchment paper (See Parchment).

N. (VI) PARCHMENTIZING PAPER: The basic material or waterleaf, an unsized and absorbent sheet composed of cotton cellulose (cotton rags) and ligno-cellulose (sulphite) used for converting by the sulphuric acid process into genuine vegetable parchment paper (See Parchment Paper (1)).

O. PARCHMOID — trade name applied to supercalendered vegetable parchment.

P. PARCHMYN — trade name applied to imitation parchment.

Q. PERGAMYN — trade name applied to imitation parchment.

R. VEGETABLE PARCHMENT PAPER (See Parchment (1)).

S. WATERLEAF PAPER (See Parchmentizing Paper).

EXHIBIT W-133.

Letter. November 25, 1927. Dohan to Baker.

Copy to West Carrollton Parchment Co.

I am still laid up, and will not be able to go to Washington on November 29th. I regret this very much as I should like to meet Dr. Clarence J. West in order to put before him what seems to me to be of the utmost importance to the American

parchment manufacturers. As you probably know, I represent Paterson Parchment Paper Company, Kalamazoo Vegetable Parchment Company and West Carrollton Parchment Company. I believe another manufacturer has recently started somewhere in the middle west.

This matter of definitions is of great importance as the publication will be authoritative, and doubtless will be referred to in future tariff legislation.

A few years ago proposed definitions were submitted to the parchment manufacturers and were referred to me. After considerable debate and numerous revisions, the final draft was approved and forwarded to you as the revision of 7/8/25 (copy enclosed).

There were two principles which we tried to emphasize without partisanship, viz:

(1) That the term "parchment paper" is a trade designation for genuine vegetable parchment only.

(2) That it is a two process paper and to be clearly differentiated from a single process paper.

The importance of these points lies in this:

(1) Genuine vegetable parchment preempted this designation by its priority in time and became so known to the trade after a long and hard struggle by Paterson Parchment Paper Company in its manufacture and introduction. No other paper of its appearance or with any of its characteristics had previously been made or known to the trade in this country.

Its success resulted in time in the manufacture of numerous imitations of it which at first were so designated but the manufacturers subsequently dropped the qualifying word and for several years have sold imitations as parchment with the result of loss to many who have used it for purposes for which only genuine parchment is suitable and with resulting injury to the parchment manufacturers.

(2) In tariff legislation there has never been the recognition of the very great difference in plant investment and in manufacturing process. In genuine parchment two plants and two processes are required whereas imitation requires but one. Moreover, the conversion process involves by far the larger capital investment and the greater cost of manufacture.

I think it is entirely just and fair and desirable to emphasize both of these points and that it may properly be done without partisanship. I enclose Dr. Clarence J. West's "Classification

and Definitions of Paper" and my Revision of 7/8/25, with notes on both, for submission to Dr. West which I hope will meet his approval. As they represent the unanimous opinion of the parchment manufacturers (except the newcomer whom I have heard of), I trust they will have earnest consideration.
Enclosures.
P. S. Our effort in the definitions was to cover every possible reference to these two kinds of paper. Extra copy of this letter and its enclosures is enclosed to facilitate sending copies to Dr. West if you wish to do so.

EXHIBIT P60
Telegram. Nov. 26; 1927. Paterson to Cashmore.
Retel November twenty-third a. m. Leaving San Francisco Monday Evening and will arrive Chicago Thursday noon December first Stop Colton unable to go which is perhaps for the best Stop Parcel post immediately to this office thirty sheets nine by thirteen basis fifty

EXHIBIT W-134
Letter. November 26, 1927. Moyer to Dohan.
Your pardon for not replying to letter of November 21st, the reason being the writer was out of town.
We quite agree with Mr. Kindleberger the definition as given by the American Paper and Pulp Association, be adopted.
Thanking you for calling this to our attention, we remain

EXHIBIT K 224
Letter. Nov. 29, 1927. Kindleberger to Dohan.
I sort of feel that I owe you an apology for not answering your letter of the 25th sooner.
You ask in this letter if Mr. Southon or I will be in New York sometime soon. Unfortunately, I can't see where it is possible to come East this year.
A few weeks ago Mr. Southon incidentally ran into Mr. Moyer at some Convention. It was just by happenstance.
Things are going so lovely that there doesn't seem to be any special need for a meeting; but the very next time we are in the East we will drop you a line.

EXHIBIT W-15
Letter. Dec. 1, 1927. Moody to Moyer.
Armour was inquiring if had heard anything of Storey lately — Cudahy don't mention Storey anymore — few buyers on So Water

St — wanted to know when new company was going to start — Swift never mentions them — What's doing — Please keep me posted—

EXHIBIT W-16

Letter. December 2, 1927. Moyer to Moody.

I am home today and hope to be here for at least a week, so that I can get settled down after our lawsuit and several other strenuous sessions I have gone thru in the last eight or ten days. Your letter of the 1st advising that Armour was inquiring about the Storey Manufacturing Company, also that Cudahy don't mention them, neither do Swift. I got quite a line on this new concern yesterday and the latest dope is that their plant seems to be down with no activity around it. Further, I have definitely learned their parchmentizing machine don't seem to parchmentize, in fact they are having an awful time with it and are threatening to sue the company that built it for them, and by the way it was built right down here in our valley. However, in a conversation with the representative of this company (I was not talking to the representative), but another party, and whom I have the greatest of confidence, the company's representative said that in a call there the early part of this week it was really pitiful, there was no organization and no one around the place that really knew anything about it. He said you might as well go out to South Dakota and pick up farm hands from the wheat fields, they would be as competent to go ahead as the present people in Storey's plant. He also advised that in his opinion their parchmentizing machine, in its present condition, would be a failure. He said at the time they were building it they told Mr. Levin it would not work and tried to give him the benefit of their experience in building machines along similar lines, but Mr. Levin was very arbitrary and knew exactly what he wanted, so they had no choice but to build it according to his specifications. He further states that Levin now threatens to sue them because the machine is not satisfactory. I also heard that he was talking about suing a mill that made Waterleaf for them because it was dirty. That is about all with the exception that I was told, so far these people had ruined several cars of Waterleaf and have not gotten a pound of Parchment that they could market. You understand the information I have given is for you only. Of course if you care to use some of it I will leave it up to your judgment, but I would prefer that

you do not mention the source of your information. I hardly know what to think of this organization, they talk big, but really it don't look as if there was much behind them. I presume however, they will eventually get going and make trouble for us, but I do believe that as a general thing they will have to demonstrate to the trade their ability to make a good sheet of Parchment paper before they will get very far with it, so about all we can do is to sit tight and await results and when they do have the proper kind of a sheet, if ever, we are in a position to make it just as good and just as cheap as they can.

I appreciate your letter on the A & P situation and haven't got a thing to tell you just now, but expect to have shortly after January 1st, say somewhere between the fifth and tenth.

Your other correspondence of today is being answered by Mr. Roddy and I believe they are checking up on your orders to see that they get all the attention possible to give them.

EXHIBIT K 153

Letter. Dec. 2, 1927. Southon to Greenlee. 1

Price Change

Effective at once, the ½¢ per pound differential which has been used for sometime on roll parchment, will now be discarded.

In other words, sheets and rolls will be sold at the same base price. The only exception to this being Jumbo Rolls under 4" in width. On these rolls, there will be a differential of 2¢ per pound to be added to the base price.

Now we do not want you to broadcast the fact that we have eliminated this differential in rolls. All that you need do when taking an order or quoting a customer on roll parchment is to just quote the regular prices, forgetting that there ever was a differential.

Should any of your customers bring this to your attention, you can then tell them that improved methods of rewinding have made it possible for us to eliminate this differential.

EXHIBIT K-15

Letter. Dec. 2nd, 1927. Greenlee to Kindleberger.

When I called to see Mr. Vansant of the Blue Valley Creamery Co. yesterday afternoon, he had some news for me and which was that both he and Mr. McGinnis were to have no further connection with the Purchasing Department, but were both

entering the Blue Valley Creamery Co.'s Sales Department, handling the Wholesale Distribution of Blue Valley Butter.

In the future, our paper will be purchased by Mr. Hamilton, who has been with the firm a great many years and whose Uncle, I believe, is the biggest stockholder in the Blue Valley Creamery Company.

I am satisfied that we will fare just as well in the future as we have in the past, for we still have the same number of friends with the Blue Valley Creamery Co. even though they may be in different departments.

Mr. McGinnis handed me the attached printed samples of Story Parchment, as left with them last week by Mr. Goldman, the Secretary.

Mr. Goldman mentioned that the ink used on these wrappers was a special ink imported from Germany, and that it was more brine and grease-proof than any inks made in this country.

Mr. McGinnis started to remark that this was a pretty nice sheet, and I suggested that we go down to their store room and get samples of our wrappers, and I am also attaching samples of the Blue Valley Creamery Co.'s wrappers that they have purchased from us.

I had no difficulty in showing Mr. McGinnis that ours was by far a whiter sheet, also a softer sheet.

Mr. McGinnis would appreciate it if you would have Dr. Des Autels give us a detail comparative analysis of the 2 sheets; the Story's sheet and our sheet. Will you please do this?

Mr. Goldman tried to tell Mr. McGinnis that it would be cheaper if the Blue Valley Creamery Co. purchased their wrappers from the Story Parchment Co. at 16½¢ per lb., rather than by the cut size price list.

I figured it out for Mr. McGinnis, and I think that I have convinced him that it is just as cheap as the other and that when they purchase by the 1,000 sheets they know just what their wrappers are costing, whereas if purchased by the pound and they are compelled to pay for the wrappings, etc. and overweight in stock, it is likely to cost them even more.

Mr. Goldman remarked that the other parchment manufacturers had old out-of-date equipment and that the biggest machine we have is 72" in width, whereas their machine is 110 to 120" in width, (Mr. McGinnis didn't recall which).

Now, Mr. Kindleberger, won't you please let me have the width of our three Parchment Machines?

I told Mr. McGinnis that we had three parchmentizing machines, and that we could very nicely take care of double the business we have and there was no reason why we should put in new equipment until business warranted it.
I also told Mr. McGinnis that you could only thoroughly parchmentize waterleaf so fast, and that if the Story outfit speeded up their parchmentizing machine, it would mean that they shipped parchment not thoroughly parchmentized.
Won't you please acknowledge receipt of this letter and samples, and I would certainly appreciate receiving this comparative analysis just as soon as you can send it?

EXHIBIT K-16

Letter. Dec. 3, 1927. Kindleberger to Greenlee.

We will have Dr. Des Autels make an analysis of both sheets, our own and the Storey Parchment Company's; but it doesn't need much analysis.
All you have to do is just look at it in comparison with other Parchment and you can soon tell by the pinkish cast it has that it is a 100% cheap wood pulp sheet. I don't think we have anything to fear whatsoever from a sheet of Parchment like this.
Don't forget that there is nobody in the world in better shape to make a sheet of this kind than we are if the trade wants it. But the Lord deliver me if we ever lower our quality to meet such competition!
We are going to have Dr. Des Autels analyze both sheets, and we will send his results to you.

EXHIBIT P433

Letter. Dec. 5, 1927. Kindleberger to Paterson.

I thought you would be interested in reading a letter we have just received from one of our salesmen —.
Storey Parchment Co.
"I was shown three letters from the above company today. They were addressed to the Alling & Cory Co. of this city and were written by three different individuals.
The first one was written by Ezra Levin (apparently typed by himself) and signed in pencil. It quoted a price of 19 — ¾¢ per pound on plain vegetable parchment (weight of stock not mentioned) and named a discount of 5% from this figure. This letter would give any man a very poor impression of Ezra's business ability.

The second letter was signed by Lewis C. Frank. It referred to his recent visit with Mr. Gascon of Alling & Cory and wanted to know why Alling & Cory had not immediately accepted the proposition he had outlined. This letter was very rough in tone and frankly stated that Mr. Gascon apparently did not have sense enough to grab off a live proposition when it was offered to him.

The third letter was a smoother product and was signed only by the letter "G". It dwelt on the sales policy of the new mill and pointed out that they had in mind making Alling and Cory their exclusive agents in this territory and inquired as to whether or not they could put a man on Vegetable Parchment exclusively in this deal were made.

Mr. Gascon of Alling & Cory was peeved at Mr. Frank's letter and showed me the whole file. All three of these letters contained the caution that they must be kept strictly confidential."

EXHIBIT K 98

Letter. Dec. 5, 1927. Southon to Kushell.

We have just had brought to our attention the fact that Mr. Lewis C. Frank is writing sales letters for the Storey Parchment Company, so I think the time has come when you had better forget that Lewis C. Frank Corpn. ever existed and consider our association with him as a thing of the past.

As I understand it, the only real account that they had on Parchment anyway was the Detroit Creamery and I can see no reason why you should not go after this business direct and if necessary I think we will give you permission to quote the Detroit Creamery wholesale prices.

At any rate, I think you should fully understand that the time has come when you cannot depend upon Lewis C. Frank for any more Parchment business and as a protection to the Mill it will be necessary for you to go after the business direct which heretofore has come to us thru Lewis C. Frank.,

EXHIBIT P328 and 30

Telegram. Dec. 5, 1927. Mayer to Chace.

Effective today cancel half cent differential on Pony, Boss, and Jumbo Rolls larger than 4 inches in width.

EX. P-23 — *Dec. 5, 1927* — Paterson Bulletin announcing removal of differential on Pony, Boss and Jumbo rolls.

EXHIBIT P22

Letter. Dec. 6, 1927. Chace to Mayer.

In response to your telegram regarding the price on rolls I called on the following jobbers today and notified them of the new price. At the same time I checked up with them on The Story Parchment Company, Trenton, Mich.:

Stimpson and Co.,
H. J. Dowd Co., Inc.,
Andrews Paper Co.,
Fort Hill Paper Co.,
Carter Rice Co.,
Stone & Forsythe
D. F. Munroe C.
Eaton Paper Co.
H. W. Claflin & Co.

Mr. Sterns called on these jobbers I understand he is a member of the firm.

Andrews Paper Co. are the only ones that have bought any great amount of Parchment from Story P. Co., I was rather surprised at this as they had not called when I was in last week and I told Mr. Cate that after the way I had tried to work with them and had offered them special prices on different jobs etc., that he would go into this as he must know that we would meet this condition and would not let any other company come in and take our business away on any such proposition. He said the point that appealed to him was that they were not going to go after any business direct but would protect the jobber on all business and with the 5 per cent discount they could go after some of the business we were getting at wholesale prices and still make something. I asked him if he recalled that we had offered him one cent a pound on any celery business that he could get where we or any of our competitors were quoting wholesale. He also said that Mr. Sterns had orders from several other jobbers. The only other one who admitted that he had bought any was the Eaton Paper Co. Mr. Sterns is a friend of the elder Mr. Eaton and Mr. Edward Eaton said the least they could do was to give him a trial order. He did

not seem to think that there was enough business to split it and that we will continue to get their business unless they find that this price is making a difference in their business.

Mr. Keep was out but Mr. Chase said that he was quite sure that they were not interested as they were too far away. I told him to tell Mr. Keep that we would advise him in few days as to how we are going to meet this condition. Munroe said they were not interested Mr. Hooley says he has not called there. I called on all these people except Eaton last week in regard to this matter and you have my reports.

I hurt my neck Sunday turning over in Bed and it is still kind of stiff and hard for me to typewrite so please excuse the mixed up form of this letter.

Stimpson & Co.
H. J. Dowd Co., Inc.
Andrews Paper Co.
Fort Hill Paper Co.
Carter Rice Co.
Stone & Forsythe
D. F. Munroe Co.
Eaton Paper Co.
H. W. Claflin & Co.

EXHIBIT K-18-A

Letter. December 6, 1927. DesAutels to Kindleberger.

Comparative Analysis of Storey & KVP Parchment.

Blue Valley Creamery Company
Greenlee's letter, December 2nd.

Attached please find, in dulplicate, our report of analysis which you have promised Mr. Greenlee comparing Storey and KVP Parchment butter wrappers.

We note Mr. Greenlee's request that you tell him the width of each of our Parchment machines so that he can use this information in meeting the Storey Company's statement that the older Parchment Companys use old, out of date equipment, and that the biggest KVP Parchment machine is 72 inches in width, whereas their machine is 110"–120" in width. Do you wish to give Mr. Greenlee this information?

Greenlee's letter is returned attached.

EXHIBIT K-18-B

Letter. December 6, 1927. DesAutels to Kindleberger.

COMPARATIVE ANALYSIS OF KVP & STOREY PARCHMENT BUTTER WRAPPERS

We give you herewith the requested comparative analysis of sample Storey Parchment Company's butter wrappers and KVP Blue Valley Creamery Company's Parchment butter wrappers. This comparison being made on the samples submitted by Mr. Greenlee. We tabulate our results below:

Paper	Basis Weight 24 x 36 — 500	Bursting Strength	Tearing Force Machine	Cross
Storey Parchment (Detroit Creamery wrappers — samples)	30.0 lb.	20.4	14.0	15.0
K. V. P. Parchment (Blue Valley Creamery wrappers)	27.5 lb.	22.5	16.0	18.0

Fiber Analysis

The Storey Parchment Company paper is apparently entirely a wood pulp sheet and contains no more rag than might get into it accidentally or perhaps be put in just in order to say that there was rag in the sheet, but without being nearly sufficient in quantity to do any good whatsoever.

Comments on Analysis

Our sheet, although actually a little lighter than the Storey sheet, is, nevertheless, as you will note, stronger both as regards burst and tear in addition to the advantages of whiter appearance and softness, to which the customers' attention has been called. Incidentally if the customer were to buy Storey Parchment on a weight basis instead of KVP Parchment on a sheet count basis, he would therefore be buying more weight for the same coverage of butter and also be getting less strength.

Inks

In connection with the matter of using special imported German inks, which has been mentioned, we wish to call attention to the fact that all inks used on our butter wrappers are tested and accepted by us only after they have successfully passed every conceivable test both theoretical and practical. Just to illustrate the care which we exercise in this respect we will mention some of the tests which we make: These inks are tested in tap water, both cold and boiling, and in saturated salt brine, both cold and boiling. They are also given an Oleic Acid test

and a test in Formalin solution. We also test them in Butyric Acid. In addition to these tests we also try out sample printed wrappers on sweet butter both fresh and rancid, likewise on salt butter fresh and rancid. We also test them on Oleomargarine.

You can see then that our tests thoroughly cover all conditions to which the ink on the wrappers might be subjected, both in treating the wrappers before use and in the practical use of the wrappers on butter. And we would, of course, be very glad to make any further tests which could possibly be considered significant.

We believe that when butter wrapper inks meet all of these various tests and also give satisfaction in service that the source of the inks, whether it be Germany or South Africa, is of little importance since it is the behavior of the inks in use which really matters and not where they come from or who makes them.

EXHIBIT K 154

Letter. Dec. 6th, 1927. Greenlee to Southon.

We have your kind favor of the 2nd, notifying us that in the future you will waive the ½¢ per lb. differential for all Pony, Standard or Jumbo rolls, excepting where the jumbo rolls are under 4" in width.

While we are sorry that it was necessary for you to eliminate this roll differential, I guess there was nothing left but follow our competitors.

You know it has always been difficult to explain to our Trade why the roll differential was necessary, but you so thoroughly sold me that I was able to sell the idea to the Trade and now they wonder why we are dropping it.

You asked that we don't broadcast the information and are not, but one of our competitors had a letter for all of the buyers yesterday, showing that they didn't lose any time in reaping the benefit of the change.

EXHIBIT K 99

Letter. December 6, 1927. Kushell to Southon.

Replying to yours of the 5th. inst., with reference to the above and the Detroit Creamery connection.

I had a talk with Mr. Frank this A. M. and advised him, that inasmuch, as he will now represent the Story Mfg. Company and also is interested in this Company financially, he will be

very active in trying to secure as much business for them as he possibly can, therefore, it would be necessary for us to terminate our connection, as we could not very well countenance our old arrangement on this basis.

This seemed to be entirely satisfactory to him, as he has an idea that he is going to be able to retain all the business that he has been getting for us. We will remain friends as heretofore, but from now on our business relations are severed.

I also immediately went over to the Detroit Creamery Company and had a long talk with Mr. McVeigh, and he said he had been waiting for me to come in, and he proceeded to lay the law down in very good shape. He said he was instrumental in forcing us to allow them to buy direct from the mill, as they had for a long time, felt, they were entitled to the wholesale price, and perhaps now, we would be willing to give him this price, and he feared we were a little bit too late. I didn't tell him that we would quote him on the wholesale basis, but we did feel as if we wanted his business, and that we would be willing to make him some sort of a proposition when he is ready to place his orders.

After January 1st they are going to make up a schedule of their requirements for the whole year, and we will have an opportunity to show him what we will do, as far as prices and delivery is concerned.

This whole matter is very distasteful to them, as we have dictated the price for a number of years and would only sell them from the retail list, while they felt they should have been entitled to wholesale prices direct from the mill, and now on account of our fear in losing this business, we are willing to make this concession.

This is a matter for us to think about. It is going to require some diplomatic handling to put it over. I would hate like thunder to lose this business especially to the Story Mfg., Company, but I am going to do everything possible to retain it.

When I submit their requisition after January 1st, 1928, hope we will take into consideration all the conditions that surround this matter and make our price and delivery accordingly.

Expect I will run into quite a lot of this thing from now on.

EXHIBIT K-17

Letter. Dec. 6, 1927. Kindleberger to Greenlee.

Enclosed you will find a copy of Dr. Des Autels' analysis of the Storey Parchment you sent to us a few days ago.

The writer has just one sentence to add, and that is this: The Parchment Company in Germany that made the same grade of paper and that the Superintendent of the Storey Parchment Company worked for went busted. Even the users in Germany would not use it.

While this man was in our employ, he repeatedly tried to get us to make it, saying it could be made much cheaper; but we refused to do so as we thought Parchment should be made better instead of cheaper. Even the best is none too good to put around expensive Food Products.

If our trade wants quality, we will give it to them; if enough of them insist on a cheaper price and a cheaper product, there is no Mill that can beat us on either one. And I am sure there is no one that can beat us in the matter of service.

Today we carry practically a million and a half dollars worth of inventory all the time, so we can take care of our customers in a reasonable time for any of their requirements in papers that we make.

EXHIBIT K 155

Letter. Dec. 7, 1927. Southon to Greenlee.

Thanks for your letter of Dec. 6th relative to the above subject. I am not surprised at what you tell me about one of our competitors and I imagine it is our competitor in the East to whom you refer.

This is just like them, but I am sure that they do not gain anything by being in such a hurry to tell all that they know.

We appreciate the information.

EXHIBIT P69½

Letter. December 8, 1927. Cox to Cashmore.

Copy.

Dear C. H.

It is some little time since I was at the Mill and I have been thinking within the last day or two that I would like to go in the near future and confer on one or two matters.

For example, in connection with our efforts to have Swift change from 40 lb. greaseproof to 30 lb. parchment. It appears now that because of the higher cost of 30 lb. parchment, they will stick to 40 lb. greaseproof. The 30 lb. parchment cost was not so much higher but what I had hoped they would overlook it, but from what I have been told this week our prospects are no good.

Along this line Story Parchment have been saying that they are not going to be by any means orthodox in their parchmentizing activities. They propose to parchmentize various kinds of paper and to parchmentize to suit various requirements. Gramer was saying to-day that we or anyone else that puts out a 30 lb. sheet to cost no more than 40 lb. greaseproof, he believes altho he has not the power to guarantee it, that Swift would switch to the 30 lb. substance. He said that judging from Story's talk he believes they will aim to do that very thing.
Anyway I would like to get into this question at the Mill and will you please advise me so that I will have word Monday whether it would be agreeable for me to arrive at the Mill next Wednesday. If the answer is yes, kindly assume that I will arrive on the Broadway Limited Wednesday and please have a car meet me opposite the Robert Treat Hotel.

EXHIBIT K-19
Letter. Dec. 8th, 1927. Greenlee to Kindleberger.
I bet you can't guess who is the new Chicago Representative for the Story Parchment Co. The gentleman's name is Thomas W. Koch, now representing the Hartford City Paper Co.
I am sure glad that Tom is to take over the Story Parchment Co. account here, for Tom, at least, is on the "square" and will not do little underhanded things that some of our other competitors do.
I heard the rumor last Saturday, but, of course, didn't say anything to you until it was confirmed, but I took lunch with Mr. Koch yesterday and he told me that the job had been offered him and as he was disgusted with the way the Hartford City Paper Co. were treating him, he thought he would accept and had to make his decision last night.
I just got thru talking with Mr. Koch over the 'phone and he told me that he was now my new competitor and is to take the new account just as soon as Mr. VanWinkle releases him, which he hopes will be immediately.
This means that Herb Nock, who has had the Armour's account with the Story Parchment Company, will no longer have the account, nor will the F. C. Traver Paper Co. have the account for Chicago.
Mr. Koch has the account exclusively for Chicago, and feels that he will make more with the new account than with the Hartford City Paper Co.

I told Tom that I would welcome him as a competitor and expect him to play fair, and I cited as an illustration our having just removed the differential for Pony, Standard and Jumbo Rolls. I told him that Mr. Goldman, the Secretary, and Mr. Levin told Hollis & Duncan that while they show this differential in their price lists, it was not a legitimate charge, and if favored with any of the Hollis & Duncan business, they would not make the charge for roll differential.

I told Mr. Koch that I was satisfied that the roll differential was essential, but now that it had been removed, possibly it would never be reinstated.

I intimated to Tom that whatever his people do, we would follow, and that we were all supposed to be in business to make money, and for that reason it behooved us to keep the price as reasonable as possible.

I know that this letter will be a surprise to you, but no matter what other rumors come to you, this is authentic.

I don't know who will get the Hartford City Paper Co. account, but I feel sorry for the party who gets the account, for the Hartford City Paper Co. are in bad with all of the Chicago Trade. They haven't kept in pace with the times, not having increased their capacity in the last 15 years, whereas the demand for their Product has increased fully 100%.

As a consequence, they can't take care of their trade and they are certainly in bad with all of the Big Packers.

Just last week, Mr. Rogers, the Ass't General Purchasing Agent of Swift's, issued instructions that Swift's were not to buy any paper from the Hartford City Paper Co. if they could purchase it elsewhere.

This new competitor in Wisconsin, of which Mr. Hanke is the President, is going after the Packing Business strong and with a good sales representative here, they will give the Hartford City Paper Co. a merry chase.

I mentioned to several of the Buyers how you had great foresight and had anticipated the increased business, and that we had not doubled, but trebled the output of our Mill during the past 10 years, and that we now not only gave our Trade wonderful service, but were getting prepared to take care of any increase that might follow.

We do have a wonderful reputation for service and while we occasionally fall down, if we didn't, we wouldn't be human.

Mr. D. J. Kennedy of Wilson's Package & Supply Department

told me last evening that on his recent trip to Kansas City, he had occasion to see the Superintendents of Armour's and Swift's, and they all remarked how they wished they could get more of their paper from the KVP Co.; in fact, we not only got our paper to them when they wanted it, but it arrived in such wonderful condition.

This, of course, made me feel good and I know it will make you feel good, and it is certainly nice to have fellows like Mr. Kennedy boosting our game.

Will you please acknowledge?

EXHIBIT P 69

Letter. December 8, 1927. Keep to Paterson.

I understand from your representative, Mr. Chace, that you will meet prices made by the Storey Parchment Paper Co.

They have offered their Paper to us on a basis of 16c. and 16½c. per pound, less 5%, delivered Boston, less 2% 10 days.

It is our understanding that you will bill all orders through at the above price until further notice.

EXHIBIT K 181

Telegram. 12/9/27. Southon to Burnham.

Replying to your wire relative W. H. Claflin. This is your authority to meet conditions but please exercise your best judgment.

EXHIBIT K 100

Telegram. 12/9/27 Burnham to Southon.

Storey closing business here five per cent below our price Claflin thinks Patterson will meet this price and expects us to meet it if they do wire instructions

EXHIBIT W-17

Letter. Dec. 9, 1927. Moody to Moyer.

I heard a rumor since Monday regarding Story's Chgo representative—but it was not authentic—and was so ridiculous I did not report it—but now this party has announced the change definitely to-day so I am reporting it to-day. While I was sitting at Bracker's desk at Armour this aft—Lynch came along put his hand on my shoulder—said "Charley—what do you hear about Story Co"—I replied—"To be real honest I haven't heard anything lately about them—I did hear quite a little when their two representatives made their first call in the Yards

but nothing since—I understand they are not into production yet"—Lynch said—"they claim they are going to make better Parchment than any of you fellows—stronger and more greaseproof—I replied—"Well you know Mr. Lynch—a parchment mill cannot be started over night—and no mill can start out with a quality sheet at once—it took the other mills a year or so before they could produce a quality sheet"—Lynch replied—"Certainly it did" and smiled and walked away—Bracker was looking at me all the time this conversation was going on with smile on his face—When Lynch left—Bracker said—"Charley don't you know who your new competitor is going to be"—I pleaded ignorance—and Bracker told me that Tom Cook had announced to-day at Armours that he had resigned from Hartford City Paper Co. and had signed a contract to represent Storey in Chgo—the line of talk he gave Bracker was—that Storey would be able due to having a new mill—with modern equipment to make a better sheet of parchment than anyone in biz. they were going to put more rag in it—would be more greaseproof—that eventually they would sell it less than their competitors etc—

Cook will be quite a competitor if Storey's sheet ever does develop into a good quality sheet—as he is an old Armour employe—formerly paper buyer of Armour's before went with Hartford City six years ago as their Chgo representative—is well known in Yards—he is party we met couple times at the Hamilton Club—seems he has been dickering with Storey for couple of weeks—but matter was not definitely settled until last Wednesday I think he displayed mighty poor judgment in making change as Hartford City G P & Glassine is a class by itself—in fact it really sold itself—he will have to display some real salesmanship now to put Storey over—but evidently Storey sold him their proposition by misleading him—or else they are going to actually put out a better sheet than we figure—anyway—they have hired the best man they could have picked to introduce their sheet into the Yards.

EXHIBIT K-20

Letter. Dec. 9, 1927. Kindleberger to Greenlee.

Mr. Van Winkle of the Hartford City Paper Company spent Wednesday afternoon with me. He told me about Mr. Koch going to leave them, but I judged from his remarks that they

were not going to let him go, or rather it was more or less of a bluff on Koch's part.

He also told me that Koch was going with some big lithograph Company. So, undoubtedly, Koch had lied a little bit to Van concerning where he was going.

Van also felt called upon to administer a little criticism to me for our ambitions in putting in another machine. He wanted to know why we didn't come to Hartford City and buy out the Hartford City Paper Company if we were going to make glassine. The old fellow is about 74 years old now, has made a lot of money, but I remember Van twenty-two years ago when he didn't have a dollar. Now he is worth almost a million, and he has made it all from these two paper machines making glassine and grease-proof.

Really he is too old to go through an expansion period, and then, too, their present mill is quite an old mill with small machines, and they are not running a foot faster than they were ten years ago. When the mill goes, it is going to go fast. At least, if modern mills care to start in this line of business, it will be hard for the Hartford City Paper Company to keep up.

Sooner or later someone is coming into the field to become the leaders in glassine and grease-proof. Every mill making this line is an old mill with old methods.

Nevertheless, I can't help but feel that Koch made a serious mistake in leaving Hartford City. Time alone will demonstrate whether he did or whether he didn't. Personally, I think it is water on our wheel that he is going with Storey, and as you say, you can get along fairly well with him. Really, the Storey Company ought to have one honest-to-God honest man. No dependence can be put on any of those we know are there.

This bunch is a very loud, talkative crowd, who claim a lot of things but never deliver. I would like to make a bet with you that Koch will not stay with them as long as he has with Hartford City.

At least, Hartford City's management was fundamentally right; the management of this other concern is not fundamentally right. They simply have a bag of tricks that they are going to use, and of course, they will rope in a lot of buyers for a year or two; but after that, I think it will be easy for us.

The last part of your letter telling us of the good remarks by Mr. D. J. Kennedy, of Wilson's Package and Supply Department, expanded our chest about four inches.

We are mighty glad to hear this because we hear so much of the other that just a nice thing once in a while makes us feel that the game is worth the candle.

EXHIBIT P 29

Letter. Dec. 9, 1927. Mayer to Chace.

I appreciate your report of December 6th regarding the Story Parchment Paper Company and note the jobbers that they have sold. I am not surprised at the attitude of the Andrews Paper Company altho I feel they are very ungrateful after the way we have worked with them.

This brings to mind the 12 roll order from Andrews Paper Company and your letters of December 5th and 6th to Cambridge Rubber Company and Andrews Paper Company respectively. It is not yet clear in our minds where the order for the other 12 rolls was placed. Could it be possible that this is the order Andrews Paper Company gave to Story Parchment Paper Company which you speak of in your letter of December 6th to the writer?

I also note in your letter that Andrews Paper Company say that with this 5% commission they could go after some of the business we are selling at wholesale prices and still make a profit. I take it that they have in mind the Fish business and possibly the Chain Stores that Stimpson and Dowd are selling. Be on the lookout for this.

We do not intend to allow them to make inroads into our business, therefore you are authorized to call on the Cambridge Rubber Company and put them back on the wholesale basis where they were originally. If they attempt to disturb any of our Jobbers' accounts by low quotations (which they can afford to do on account of their 5% commission) instruct our jobbers to meet the issue in each individual case as it arises and we will allow them their usual profit on the order. Immediately apprise each jobber of the fact that Andrews Paper Company have bought from Story and tell them we do not intend to allow them to sell this parchment to any of our accounts and in this respect we want their assistance.

For your information I list below the sales of the Andrews Paper Co. of the past three years which may explain their desperate plight, when we compare them with the sales of our other jobbers:

1925 — 54,909 lbs.
1926 — 30,826 lbs.
1927 — 21,523 lbs.

I am attaching letter just received this morning from the Cambridge Rubber Company addressed to you which explains itself and confirms what I have written above, that it is necessary to call on Mr. Robbie and put him on the wholesale basis.

EXHIBIT P 28

Letter. Dec. 9, 1927. Mayer to Chace.

I am attaching copy of letter received from Mr. Keep. From this you will note Mr. Keep is jumping at conclusions, and it is our intention only to protect our jobbers where they are losing orders due to this low price from the Story Parchment Paper Company.

The thing to do is to tell our jobbers in Boston to meet the issue in each individual case as it arises, and we will allow them their usual profit on the order.

The Story Parchment Paper Company are not going to sell every body just because they have made an inducement of 5%. There are many other features entering into this competition that will warrant our jobbers weighing very carefully, such as service, length of time of delivery, and maintaining a uniform quality.

Do not get the impression that we are simply going to lower our prices and put all our jobbers on a 5 percent commission due to this inducement by Story.

Call on Mr. Keep at your first opportunity and explain this whole matter to him. Tell him that I have referred the matter to you as I feel it is much more satisfactory to talk over matters of this kind than to write him at great length.

EXHIBIT K 101

Letter. Dec. 9, 1927. Burnham to Southon.

I am going to try and have the Christmas list in your hands early next week.

Got your wire just now 4.15 P. M. about meeting parchment prices and I will follow your suggestion and exercise my best effort. In my opinion it won't be necessary to meet this drop in price immediately unless Paterson weakens. Mr. Keep may have been playing me but if so he gained no advantage as I did not weaken and simply told him that if Paterson met the price we would probably meet it also. He then said he had written Paterson and would have a reply on Saturday. However, your authority has now put me in a position to handle the situation no matter which way the cat jumps.

EXHIBIT W-18

Letter. Dec. 10, 1927. Moody to Moyer.

Referring to letter wrote you yesterday regarding Story Parchment Co's representative for the Chicago district I am sure you realize that in order to report promptly on matters of this kind I cannot put off writing the letter until I can give matter more thought or until I can dictate to a stenographer — I did not return to office until late—and I wrote you in a rush—and probably reported a lot of detail that was unnecessary—in fact now I think the matter over—there was about two pages that were superfluous—but at that I believe I drew the picture of the situation here—so that you will be able to visualize the problem we will have before us in Chicago for next year or so— I believe Cook has made a big mistake in making this change—one that he will regret later—but that don't help our problem—the facts are—that if Storey actually puts out a quality sheet finally that the trade likes—then we are going to have a salesman fighting for biz—that has a certain following—how strong this following will be now that he hasn't a cheaper product to sell like greaseproof and glassine is doubtful—The reaction I got at Armour's yesterday made me think they were inclined to be sort of peeved at Cook—and this was where he should be stronger than anywhere—the line he started with evidently didn't set well—namely —that Storey was equipped with newer machinery more modern and was able to make parchment cheaper than anybody—that they would put more rag in it—were able to buy their rags cheaper —that their price would be same for awhile but eventually would be lower as could make cheaper—that their 25 lb. sheet was going to be especially greaseproof and all weights would be more greaseproof than their competitors—this kind of line of talk right off the bat—sort of brings out an antagonism from the buyer—I could see from way Lynch talked to me that he was inclined to be sore—and incidentally my reply to him—being perfectly ignorant of the Cook deal—was one time that I made the right reply namely "takes years to perfect a high grade of parchment"— and his answer was "Certainly it does"

Hollis told me other day that Storey claimed they were going to put an unusually greaseproof sheet in their 25 lb. Basis Parchment — wonder why they emphasize the 25 lb. Basis?

If I get anymore detail regarding this deal I will report it—we of course—are not interested in Cook — but I mean if hear any-

thing further as to whether they are going to make Chgo office their main office—etc—I will advise you—

EXHIBIT 24

Letter. Dec. 10, 1927. Chace to Mayer.

In reply to your special delivery letter of the 9th, I called on Mr. Keep this morning and explained the matter to him. They gave the Story Parchment Paper Co., a small order because Mr. Sterns their agent is an old freind of Mr. Swifts. "Ordinarily," Mr. Keep said, "they would not have been interested but on account of the friendship they had to give him a trial order." They are too far away for the drop shipment business that Claflin need.

As I wrote you the other day, Mr. Keep was out and he must have got the wrong impression from my conversation with their Mr. Chase. I have not made any definite statement to any jobber as to what our policy would be in regard to this 5 per cent. I have simply said that they could rest assured that we would not let the Story Paper Co. come into this market and take our business on this basis and that I knew we would protect them against any competition of this kind. That I had not heard definitely what steps we would take but that I had been assured by you that we would do something to meet this condition as it became necessary.

I called on Mr. Cate of Andrew Paper Co., and told him that our company felt that he should have stuck by us after the way we have been trying to protect them on all kinds of business. He said this was only a trial order that they had placed with Story and that it would not effect the volume they had given us, as it was not their intention to substitute Story Parchment for ours in any place, but they thought they might get some new business on account of the lower price. In fact he had swung right around from the way he talked the other day so that my attitude on this matter and on the Cambridge Rubber Co. have had some effect. Mr. Sterns told Mr. Keep that Stimpson had bought some. This Stimpson deny.

I told Mr. Cate that the Cambridge Rubber Co. was not satisfied with the price we had quoted. He is going to take the matter up with his salesman and says that it may be that they will decide to let us have this business direct rather than lose their goodwill. I think it was better to do this with their permission rather than go over their heads after I had agreed to quote resale.

I will call on Mr. Robie of the Cambridge Rubber Co. the first of the week anyway.

EXHIBIT K 102

Letter. December 10, 1927. Burnham to Southon.

Supplementing my letter of yesterday about the Storey Parchment and W. H. Claflin Co. here are further facts. Claflin wrote Mr. Mayer for a decision on the price matter and Paterson sent their local man Mr. Chace to see Claflin this (Saturday) morning with this statement. which I quote in substance after a phone conversation with Mr. F. H. Keep of the Claflin Company.

"We (the Paterson Parchment Paper Co.) are not going to meet this cut at this time, but if you find that they have sold parchment to some of your customers on this 5% cut price we will allow you that 5% for those sales."

Now that is the meaning if not the exact wording as I got it over the phone. Keep tried to get me to accept the attached order at the new low price and I would not do it claiming I had no authority to do so and I finally won him over to this argument, —That he (keep) has not intended to buy this Storey parchment in the first place and that he was lead into buying it through an appeal over his head to the boyhood friend of Stearns of the Storey Co. and that therefore there was no genuineness in the buy at all but merely an accommodation. I also called attention to the fact that those who bought it would eventually sell it off 5% and we would be right back again on the same margin of profit as before and no good accomplished. He agreed and finally said I could handle it any way I saw fit and so I agreed to enter it at the regular prices as written and in the even we did decide to meet this emergency later on, I would make the new price retroactive to include this order. This does not refer to a lower price but specifically to thie particular cut of 5% special discount.

If you can hold Paterson in the straight and narrow path I think we can hold them here for a while. The sales Storey have made are to wild cats or to jobbers who would buy anything at a price. They do not represent here the best in paper jobbers. Stimpson bought very likely to find out and report to Paterson what the new sheet came through like. Andrew Paper Co. are not in my class at all — I'm afraid of them. Just talked with Stimpson&Co. and they have no intention of changing from Paterson or so Mr. Loud said and he maintains that Mr. Jenks bought

some of it for a trial order. I don't know anything more except the situation is apparently safe for the time being.

EXHIBIT W-19

Letter. December 12, 1927. Moyer to Moody.

Under separate cover I am mailing you a number of Lard Bags. These are printed "Apec Brand" with American Provisions Export Company's name on them. Here is the story.

The Orchard Paper Company who you probably know are very good customers of ours, were buying these Bags for I think the Independent Packing Company of St. Louis, and had a standing order with Thomas M. Royal & Company. It seems the Export Lard business dropped off and the Independent Packing Company notified Orchard to discontinue shipments. They in turn failed to notify their Bag manufacturers and now find themselves with 50,000 of these Bags on hand and naturally they are anxious to dispose of them. Of course this happens to be a competitor's paper but Orchard is a very good customer of ours and if at all possible would like to help him out, so I suggest you take these samples and see whether you can find a market for them. As I understand it this is sort of a stock printed bag and is used by a number of different packers as their brand on Export Lard. He has 50,000 of these in stock and they want $20.50 per thousand, f. o. b. Chicago. If you can do anything for them and can get the order, send it direct to Orchard for the whole 50,000 or any part thereof and by the way Mr. Orchard is coming thru Chicago Wednesday morning and will stop off to see you.

Spent the last four days in St. Louis and just back to the mill this morning. Was rather fortunate in the way of business as the East Side Packing Company gave us an order for 108,000 pounds. That is their estimated requirements on plain Parchment for the coming year to be shipped at the rate of 9,000 pounds every month. This is a might nice order to have and only wish there were more of them. I also think that we will get all their printed business, in fact we are started on quite a bit of it now.

Have just been reading over your letters of December 9th and 10th with reference to Mr. Cook being the representative for the new Storey Parchment Company. My thoughts run along the same line as yours, but nevertheless this don't mean that sooner or later these people are probably going to give us some

trouble. However, there is not much use in worrying about it, what comes will come. We have always met the situation heretofore and expect to in the future. In St. Louis during the past week I was given several of their price lists which are practically a copy of ours and also a number of printed samples. I have some other information on this outfit which, while of no real value, is rather interesting and I will tell you about it the next time you are down to the mill.

EXHIBIT W-20

Letter. Dec. 12, 1927. Moody to Moyer.

I give below recap of items of information interesting to West Carrollton that have been brought out in conversation with buyers regarding Tom Koch's resigning from Hartford City and signing up with Storey. Swift Armour & Cudahy have advised me that Hartford City has been falling down on deliveries—holding up orders badly That Hartford City refuses to expand to take care the increased packers tonnage—That there is dissension in the management—Further Swift's buyer informed me that Koch was making a big mistake—that Storey had dumped three carloads waterleaf so far— that they were having trouble with their big machine—that you could not make parchment on a big machine without a lot of waste— that they were going to have a lot of trouble finding a satisfactory waterleaf connection—that parchment was already overproduced—that three mills could more than take care of all the parchment biz in U. S.—that did not understand how that Jew was able to sell that proposition to real biz men—who should have analyzed the situation more than they did before investing their money—told me of party from East who came out to Swifts year and half ago who was figuring on starting a parchment mill—and that he discouraged the idea told him would be a foolish investment—Further told me Patterson had a fund of million dollars laid to one side to take care of any price war—just to meet situation like Storey—and that no new mill would have a chance Now you can see how certain parties have been doing a lot of talking— my idea has been to handle this Storey matter along ethical lines—namely—not to knock—to answer questions regarding Storey along lines of my reply to Lynch which I reported in my last letter—but I guess our competitors believed in strong arm methods—and it is evident they put it over at Swift's because Gramer's conversation with me to-day—reads

just like some of your confidential reports to me—nothing left unsaid The reaction at Armours is the same—in other words they wonder what is matter with Koch's brains—to make change from a certainty to an uncertainty. Of course on the face of it so far it dont look favorable for Storey even with Koch selling their parchment—but dont lets kid ourselves—if Storey should be able to make good on all their promises regarding price and quality this situation could change overnight—but another angle—evidently all is not rosy in the greaseproof game—evidently Swift having trouble getting all greaseproof they need—which is another slightly favorable development for us—might mean working back to parchment again.

EXHIBIT K-21

Letter. Dec. 12th, 1927. Greenlee to Kindleberger.

It certainly "pays" to have "Friends" for if I hadn't, I wouldn't be able to give you the information contained in this letter.

I quote you from Mr. Southon's letter of Nov. 2nd,

"Don't forget what Mr. Franklin told us the other night and as soon as you can find out what Mr. Osman accomplished during his visit to Trenton, Mich., we understand, is to take place on Thursday of this week."

I have kept my ear close to the ground ever since, but not until Saturday did I learn anything at all tangible.

I saw Mr. Osman after his return from Trenton, and he told me that the Story Parchment Co. had a nice Plant, but that they had to improve the color of their paper before he would be interested.

When Mr. Koch decided to take this new account, he told two or three of his friends that he was assured of an income of not less than $20,000.00 a year and which is better than double what he has been getting from the Hartford City Paper Co.

When I had lunch with Mr. Koch last Wednesday I wondered where he was going to get the business that would net him better than $20,000.00 a year, if his prices were the same as ours. In other words, I expected he would take some business from me, but I didn't think he could take so much away from me, everything being equal.

Saturday afternoon, I had a visitor for lunch, and I am passing on to you the information gotten from this visitor.

This visitor was present at the meeting I shall refer to, and of course knows what he is talking about, but I had to promise not to disclose his identity, or he said he would be looking for a job.

On Friday, Dec. 2nd, the Institute Equipment & Supply Co., of which Mr. Osman is Manager, called a meeting of the Purchasing Agents of some of their larger members, and at this meeting representatives of the following companies were present:

Allied Packers, Inc., Chicago,
Cudahy Packing Co., Chicago,
Wilson & Co., Chicago.
Oscar Mayer & Co., Chicago,
Swift & Co., Chicago,
Arnold Bros., Chicago,
Roberts & Oake, Chicago,
Jacob Dold Packing Co., Buffalo, N. Y.
Geo. A. Hormel & Co., Austin, Minn.
Jacob E. Decker & Sons, Mason City, Iowa,
John Morrell & Co., Ottumwa, Iowa.

At this meeting Mr. Osman announced that he had the Parchment Manufacturers "on the run" and told them he had made a deal with the Story Parchment Co. that when any Member of the Institute placed an order for GENUINE Vegetable Parchment thru the Institute, the paper would be billed to that Packer at the list price, or wholesale price, but every so often he would receive a check from the Story Parchment Co. based at ½¢ per lb. for all orders placed thru the Institute, and Mr. Osman would then send checks to their Members based on their individual tonnage.

It was brought out at the meeting that the matter must be kept strictly confidential and under cover, or it would start a price war detrimental to the Story Parchment Co.

Among those present were several getting our carload price on everything they purchase, including Swift's, Wilson's, Cudahy's, and Mr. Osman took particular pains to point out to them that under this arrangement, they would get ¼¢ per lb. better than they were getting from us, even though they were getting ¼¢ per lb. under the wholesale list now.

Mr. Osman had samples of Story's parchment to show to these Buyers and they all agreed that the paper was too dark in color, and that they wouldn't be interested until the paper was whiter.

It was decided then to take no action until January 15th, at

which time Mr. Osman assured them that the Story Parchment Co.'s Product would be on a par with ours, as well as that of our two competitors.

That is how the matter stands now, and I see now where Mr. Koch was to get this business that was to pay him this princely sum, in that he was to get credit for all of these orders placed thru the Institute.

On the surface, it would appear that Mr. Koch was getting even a higher price than I was getting from these Big Packers, but underneath the surface there was this other rebate arrangement and which Mr. Koch knew about when he had lunch with me last Wednesday, and assured me that he would be fair, square and above board in all of his transactions, and even went so far as to say that if his people wouldn't act on the square, he wouldn't work for them.

You can see how Mr. Osman is using the Story Parchment Co. as a tool to further his own interests, and if he puts over what he has attempted to put over and will give all of their Members this special price, you can see that Mr. Osman is likely to swell up so much that he will burst.

Now, I don't know whether this information I have given you is news or not, but it certainly was to the writer, and when I think of several of my very best friends being present at this meeting and never saying a word, but leaving it to one who is a friend, but not supposed to be such a close friend to tip me off, leads me to believe that they are trying to get something and at our expense.

Possibly you are not looking for suggestions, but if it isn't out of order, I would like to suggest that we keep it strictly among ourselves, so that no one will have an inkling that we know about what is to transpire on January 15th; then, say on January 10th, you come out with a new price list, as we would have almost a month in which to get it out, and say that you drop the price 1c. per lb. to everyone, but still give the "six" now on the special list their ¼¢ per lb. reduction, or the carload price on everything they purchase — I think it would take them all by surprise, for I don't think the Story Parchment Co. could afford to still give the Members of the Institute ½¢ per lb. under this 15¢ price and stand the freight to points we stand it.

The reason I am suggesting January 10th as the date to come out with the new price list is, first, so that our Trade wouldn't question the billing price, on the tonnage going out Dec. 31st,

as they would say, why didn't you hold our orders a few days and give us this concession.

Second, by getting these price lists say—3 or 4 days before their meeting wouldn't give them much time to make another deal, but at the same time all of these buyers coming from out-of-town would have a new price before they left and would, therefore, not tie up their companies thru the Institute.

I do know that firms like Armour's, Cudahy's, Swift's and Wilson's, who purchase so much of our Product don't like this idea of not being able to buy at a closer price than the small Packer, and I think we would stand in much better with these bigger Fellows, if we continued to give them something special just as we have all of these years.

Now, I have used 15c. per lb. as an illustration and as a recommendation, but you can use this just as far as you care to, but it is beating the Institute's arrangements ½¢ per lb., and I think if we gave the Story Parchment Co. a run for their money right now when they are trying to get started, that they won't feel quite so cocky.

When I think about this smooth trick that Mr. Osman and Mr. Koch think they are going to put over, it makes you wonder — doesn't it, but thank Goodness that we have some good true friends.

Another reason for my mentioning 15¢ per lb., the basis for 40 lb. stock and heavier, is that I had it intimated to me a number of times that 15¢ per lb. would look more in line with pre-war prices.

Possibly I am a little over anxious to assist you in solving this problem, for it is my problem as much as it is yours, but with the information I have given you, provided you have not already received it, leaves me knowing that you will know how best to meet and handle the situation.

Let's keep it awfully quiet, however, so that Mr. Osman, or none of the Members of the Institute will know what we know, nor have an inkling of what we propose to do, but if we do have a surprise in store, let's do it in a way that it will take like the Thanksgiving Celery and your Thanksgiving Celery letter took with them; in other words, don't even intimate that conditions force us to do something, but that conditions make it possible for us to do something.

Will you please acknowledge?

EXHIBIT K 103.

Letter. 12/12/27. Southon to Burnham.

We have your letter of Dec. 10th, together with an order from W. H. Claflin Co.

As we have already written you today, we are exceedingly glad that you are handling this account in the way that you are and when you come into the mill at the end of the month, we will go into this matter carefully with you, so that you may know just what our attitude is to be toward this new competitor.

In the meantime, all that we ask is that you keep us fully posted, should there be any new developments.

EXHIBIT K 22.

Letter. Dec. 13, 1927. Kindleberger to Greenlee.

I read over your letter of the 12th concerning the Storey Parchment Company and all the side-shows that they are putting on, and to say the least it is getting to be very, very amusing.

In the first place, let me assure you that in all their scheming and confidential stuff, they have never reckoned what "trump cards" we hold in our hand. We have been keeping our ears close to the ground, listening and doing a lot of thinking, and a few days ago we started the wheels agoing to do the very thing that you suggest in your letter.

New price lists are being figured now. These lists are all being figured to take effect January 1st. This also you want to keep to yourself and don't tell it to your very, very best friend. It might be a good thing to destroy this letter after you read it, so it won't get into the files.

In the second place, my long years of experience in business has demonstrated without a doubt that any concern or any man that will start out to do business as the Storey Parchment Company is starting out never lasts. They are fundamentally wrong, and sooner or later they will get a wallop that will put their lights out.

In the third place, even if the Packers would tie up with them on the basis outlined, they are not in position to give the Packers the service nor the quality that we are; and if business is going to be placed on any basis but quality and service, it is very, very short-lived.

While it may appear that it is going to be a disturbing situation for a little while, you can rest assured that it will not last long.

Usually the man who boasts a great deal before he puts his armor on comes out of the battle weeping.
It is better to wait and boast afterwards, and assume a humble attitude.
While I am with this Company, we will never do business by giving rebates, sending checks at the end of the month. To my mind, this is "tumble bug" business and will be a boomerang that will hurt them forever.
I agree with everything you say as to the line of procedure. I have been possessed with the idea for a long, long while that the price of Parchment should come down another cent. We will do this whether the Storey Parchment Company is in business or whether there were two or three Storey Companies in business, it doesn't matter.
It seems only right that we reduce and be consistent with all other grades of paper that are made, and that is why we will reduce our prices on that basis and that basis only.
I think it would be a fine thing for you and us to assume the attitude of showing our faith in our friends and in our ability to meet the situation; never show for a minute that we are worried nor much alarmed.
In other words, let us appear to the world at least that we are Masters of the situation. We know we are fundamentally right in making prices that are consistent with quality and service, and if things are not right we stand back of them.
We have the equipment and organization that no others have to serve much better than anyone else. I think, also, we have the brains in our Organization to do some things that others cannot do. We also are in a very excellent position financially. So, with all these good elements on our side, what have we to fear?
Let Good Judgment sit on the Throne during the coming crisis, and the victory will be ours.

EXHIBIT P 25
Letter. Dec. 14, 1927. Chace to Mayer.
Mr. Arnold of the Providence Paper Co., gave me some information about the above that may be news to you. He asked Mr. Sterns who recently called on them, if he felt they had a good thing and if they thought they would be able to combat all the competition they would have in this line. Mr. Sterns as an old friend of Mr. Arnolds (He seems to be well known) He replied

that they felt sure they could make a very fine parchment and that they would be able to market it. They have hired the head chemist from the KVP Co. and one or two of their other men. I think I wrote you before that Mr. Sterns is a man of means and is either one of the firm or the whole firm. Mr. Arnold says they are too far away for them to buy from.

As near as I could find out this is the only place in Providence that he called. R. L. Greene Co. had not been visited.

EXHIBIT P. 326½

EXTRACT OF ARTICLE ON PAGE 22, DECEMBER 15TH ISSUE OF THE PAPER TRADE JOURNAL

"PARCHMENTS REDUCED

As the year end approaches the values of parchments have been receding to conform with the anticipated slackness of the winding of the 1927 business cycle. Prices effective under the lower schedule reduce the mill quotations one-half cent per pound on vegetable parchments. These prices were effective December 5th. The demand in general is slow".

"PATERSON PARCHMENT COMPANY OFFERS

An announcement was sent out by the Paterson Parchment Paper Company during the week stating that effective December 5th, the prices on vegetable parchment paper made in its mills at Passaic, N. J. and Modena and Bristol, Pa., would be reduced one-half cent per pound. With the announcement of the general reduction in these grades of papers the differential charge effective on rolls heretofore existing is cancelled".

EXHIBIT K-23

Letter. Dec. 15th, 1927. Greenlee to Kindleberger.

Your kind favor of the 13th received and I certainly was glad to learn of your "trump cards."

I am not going to worry about this new competition, for I feel satisfied that were their paper as good as ours and their price the same as ours, they would still leave us a little of the business.

Mr. Eaton has just returned from his weekly call on Mr. Osman and the attached is a sample that Mr. Osman received this morning from the Story Parchment Co. and taken from their run of Monday, the 12th.

This sheet by itself looks pretty white, but when you put it up against some of our paper, it isn't so white.

Mr. Osman had samples of our paper on his desk and he told Mr. Eaton that he was using our paper as the base for comparison.

I think it would be awfully nice if you could make up a folder containing samples of the various weights of our GENUINE Vegetable Parchment of say, the following:

25 lb., 30 lb., 40 lb. and 50 lb., as well as 40 lb. SPECIAL Lard Liner Parchment.

If you could make up a sample folder containing the above samples, I would hand it to Mr. Osman personally.

Mr. Van Winkle has accepted Mr. Koch's resignation and is now looking for his successor.

Everyone I talk to seems to think that Mr. Koch has made a mistake, leaving the Hartford City Paper Co., as does the writer.

I told George Hinscliffe, Mr. Osman's son-in-law, that if he sold one third as much Parchment as he sold Greaseproof this year, his commission would amount to more than $20,000.00.

Mr. Osman told Mr. Eaton that the Story Parchment Co. were going to manufacture Waxed Paper and from the description of the sheet they are going to make, it is going to be similar to our Extra Transparent sheet; in fact, Ezra claimed to be the discoverer of the Extra Transparent Waxed sheet.

Everything given in your letter of the 13th will be treated strictly confidential and I know that when January 1st rolls around that all of our "friends" will be pleased.

Will continue to keep you posted.

XHIBIT W-21

Letter. Dec. 15, 1927. Moody to Moyer.

I called upon Mr. Osman buyer of American Institute of Meat Packers yesterday—when I was trying to dispose of Orchard's accumulation of "Apec" bags—I reported yesterday the result of my efforts in that direction—but I did not report on my interview with Osman regarding the Storey Parchment Co—naturally the conversation immediately turned to Storey—or rather Osman brought up this subject at once—Osman stated that when in Detroit recently he made a visit to the Trenton plant—and inspected the plant and interviewed the officials—I really think was looking for a job as Chicago representative—he told me all the officials were Jews—which did not seem to set well with him Stated they had the longest and largest paper machine in the country—that they were getting their water-

leaf from Bryant Paper Co I asked him if they offered him the Chicago agency—he said they did—but they kept stalling on the salary proposition—kept asking him lot of personal questions but would not make him any definite proposition— so he became disgusted and left—he now claims that he has since received a proposition from them covering prices for the Institute—but the idea I got was that he was not particularly enthused about it—as you are aware he is quite a hot air artist—and if he had a lower proposition—he would certainly have enlarged upon this point—so far Storey does not seem to have made much of a hit anywhere.

EXHIBIT W-22

Letter. Dec. 16, 1927. Moody to Moyer.

Would like to visit the mill Thursday, Dec. 29th. Kindly advise if would be convenient for you to see me on that date.

EXHIBIT P298

Letter. December 17, 1927. Cox to Cashmore.

Mr. Tommy Koch who has represented Hartford City Paper Company in Chicago for some years has resigned to go with Story Parchment Co. effective I believe January 1st.

I consider that Story have scored a distinct victory in getting Mr. Koch because he is a hard worker, very capable and well liked, and by virtue of his having put in most of his life at the Stock Yards here, he has an entree that will be valuable to Story. Mr. Koch as you may know formerly was a buyer for Armour. Mr. Koch is quoted as having said to certain buyers at the Yards as follows: Story have been after him for some weeks, they had him visit the Mill a couple of times and finally they said if he would go with them, he could write his own contract. Story assured Koch that they had plenty of money and great ability and that they mean to get a large share of the parchment business hereabouts. Mr. Koch was influenced somewhat in his decision because his relations with Hartford City have been unpleasant and unsatisfactory for a long time. He has been greatly embarrassed by being unable to get reasonable delivery on his orders, and it has been his understanding that this has been caused to some extent at least by dissension among Hartford City officials at their Mill.

Mr. Koch has already rented an office and bought furniture and he is all ready to go on his new line as soon as Hartford City releases him.

I went to the Yards yesterday immediately on getting back to Chicago and hearing of the above, and once more reference was made to Story Parchment Company's thought and intention of supplying Swift 30 lb. Parchment to cost no more than 40 lb. greaseproof for wrapping their smoked meats.

EXHIBIT K 44

Letter. Dec. 17, 1927. Kindleberger to Greenlee.

Mr. Kindleberger has asked me to send you the samples mentioned in your letter of December 15th, and they are going forward by parcel post.

These samples have been hand-sorted by Mr. Southon.

EXHIBIT K-24

Letter. Dec. 17, 1927. Kindleberger to Greenlee.

Mr. Kindleberger has asked me to send you the samples mentioned in your letter of December 15th, and they are going forward by parcel post.

These samples have been hand-sorted by Mr. Southon.

EXHIBIT P303

Letter. December 17, 1927. Cox to Cashmore.

Please refer to December 15th Issue of the Paper Trade Journal, Page 22—and the misinformation given to the effect that we have reduced our prices ½¢. per lb. On the same page in the first column under the heading "Parchments Reduced" please note than an explanation is given for a reduction in prices and that this explanation does not tend to give our trade confidence in price stability of parchment.

Since this issue of the Paper Trade Journal reached Chicago this morning, our telephone started to ring and people were asking us why we didn't notify them of our price reduction, that according to this paper became effective December 5th. The local offices of our competitors telephoned me asking if we were slipping something over and I am afraid we are going to be in for a very unpleasant time trying to explain that the Paper Trade Journal made a bad mistake.

I recommend that you require the Paper Trade Journal to send telegrams Monday to all their subscribers explaining clearly that their announcement is a mistake.

I am wondering if someone at our Mill has been giving out an ill-advised interview to a reporter of the Paper Trade Journal. The reporter must have gotten this information somewhere and particularly his talk about poor business conditions.
You had better get in touch with K. V. P. & W. C. P. on above.

EXHIBIT P305
Letter. Dec. 19th, 1927. Cashmore to Cox.
Have required Paper Trade Journal to retract article referred to in your letter.

EXHIBIT P306
Letter. Dec. 19th, 1927. Cashmore to Cox.
I have your letters of December 17th in reference to an article appearing on page 22 of the December 15th issue of the Paper Trade Journal and note the general misinformation given to the Paper Trade.
I have had them on the 'phone and gave them a severe bawling out and have required them to retract it very forcefully and in the quickest way they know how.
The best you can do, under the circumstances, is to notify the trade nearest to you not to pay any attention to it for, as they know, when price changes are made, they get official notice from the mill. This thing has so much upset me this morning that I am afraid I won't be good for anything the rest of the day as it makes it appear as though we are trying to slip something over.
I am quite sure that no one has given an interview to the Journal Reporter inasmuch as they claim to have gotten the information from Philadelphia and from a source which they consider reliable. I told them that their source of information apparently was very unreliable and should be verified before being printed.
Thank you for calling it to my attention.

EXHIBIT P299
Letter. Dec. 19th, 1927. Cashmore to Cox.
I have your letter of the 17th in reference to Tommy Koch going with the Story Parchment Company.
Saturday night, I got this information from the West by telephone adding further that it was understood that Story had reduced the general price ½¢ a pound. This may account for the article in the paper with the names incorrectly given.
It is quite apparent that Mr. Koch in going with Story is in a

position to cause us much unpleasantness in the yards and it may be that we shall have to do something to offset it before long. Whatever develops, I will immediately pass on to you.

EXHIBIT K 156

Letter. December 19, 1927. Eaton to Mertens and Troll.

SUBJECT: New Price List,
Roll Differential,
Genuine Vegetable Parchment,

We attach hereto, new price list, effective December 7, 1927, from which you will note that the roll differential on Genuine Vegetable Parchment, on Pony, Standard, and Jumbo rolls, has been withdrawn.

We call your particular attention to the fact that the differential on rolls under 4" wide, is still in effect.

PRICE LIST

GENUINE Vegetable Parchment Effective 12/7/27

Effective this date the differential on pony, standard and jumbo rolls has been withdrawn.

This applies on all rolls except Jumbo rolls under 4" wide, on which the differential is still 2¢ per lb.

EXHIBIT W-23

Letter. December 19, 1927. Moyer to Moody.

I have been out of town and on the go so much in the last few weeks that have had very little time to look after correspondence. However, hope to stay in now and be on the job here at the mill instead of running around, for the next few weeks at least. Referring to your letter of December 16th with reference to coming down to the mill on December 29th. That will be fine and we will look for you on that day.

I have read your letter reporting an interview with Mr. Osman and from facts I have before me am inclined to think that he has not been perfectly frank, in fact he has kept back considerable that he could have told you. I will tell you all about this when I see you on the 29th and feel quite sure it will not be only surprising but interesting.

EXHIBIT W-24

Letter. Dec. 20, 1927. Moody to Moyer.

In further reference to Jelke order 55371—your No. 5940—of

12/16 Allen buyer of Jelke's phoned me to-day that they have always paid our competitor on 500 M lots size 6⅞ x 17½—ptd one color—only 25¢ M for printing—according to printing list for 120 sq inches—they should be charged 30¢—but they enjoy a special price of 25¢ in 500 M lots—I told him would make price 25¢ lb accordingly—please handle this so there will be no comeback far as Allen is concerned. Send corrected acknowledgment.

EXHIBIT P71

House Letter. Dec. 20, 1927. Paterson to Ptg. & Order Depts.

Referring to our house letter Dec. 7, second item Gem Frankfurt wrappers Artificially Colored, Swift now instructs us to maintain in stock at all times 100,000 sheets 12 x 24. Price for printing 80¢ per M.

EXHIBIT K225

Letter. December 21, 1927. Dohan to Kindleberger.

Dear K:

I think we ought to have a meeting in the Import matter, and I will be obliged if you will let me know where you expect to be between, say, January 10th and 15th, 1928.

I have been laid up with sciatica for some weeks, and if you should be attracted by the allurement of the East I assure you that I would be able to get over any disappointment.

EXHIBIT W-139

Letter. December 21, 1927. Simonton to West Carrollton

In accordance with our verbal agreement of December 19th, enclosed is new billing for shipment of December 17th, showing price of 8¢ instead of 8½¢.

Kindly disregard invoice No. 354 and substitute the attached No. 356.

EXHIBIT P327

EXTRACT FROM PAPER TRADE JOURNAL
ISSUE DECEMBER 22, 1927
PAGE 62

"PATERSON PARCHMENT CO. DOES NOT REDUCE PRICES"

The Paterson Parchment Paper Company, Passaic, New Jersey, writes that the announcement in the Philadelphia letter of the Paper Trade Journal of December 15th regarding a reduction

of one-half cent per pound in the price of its vegetable parchment papers is misleading and incorrect. It wishes emphatically to state that no such reduction has been made."

EXHIBIT K 226

Letter. Dec. 23, 1927. Kindleberger to Dohan.

I am very, very sorry to hear about your sciatica. It is an awful thing to have.

It would be a fine thing if you would drink more sauerkraut juice. That is what the writer is doing and I never felt better in my life. It is mighty good for sciatic rheumatism. Drink about two glasses a day.

You ask about another meeting. I will talk to Mr. Southon about the matter and undoubtedly a meeting sometime in January would be a good thing. I heard him say once that perhaps it could be left until the Paper Meeting which is sometime in February, and if this is satisfactory, I am sure it would be to us and perhaps to the others.

EXHIBIT K 358

House Letter. Dec. 27, 1927. Southon to Hiestand.

This letter must be ready for mailing on Monday, Jan. 2nd 1928. This is very important.

With this letter will be enclosed a price list which we will have prepared and sent to you and just as soon as we can get the envelopes which have been ordered for this mailing, they will also be sent you.

This letter and enclosure goes to the Wholesale Paper Jobbers, and Dairy Supply Houses.

EXHIBIT K 361

House Letter. Dec. 27, 1927. Southon to Hiestand.

This letter must be ready for mailing on Jan. 2nd, and is to be sent to the Meat Packers, Creameries, Fish Packers, Poultry Packers, Celery Washers and Shippers, and Ice Cream Manufacturers, and W. Grocers.

EXHIBIT W-135.

House Letter. December 27, 1927. Moyer to Dohan.

I have your letter, also a copy of one written to K, and so far as I am concerned January tenth or fifteenth, in either Philadelphia or New York, will be satisfactory to me. Whatever is agreeable to the others will be ok.

EXHIBIT P74

House Letter. Dec. 29, 1927. Cox to Cashmore.

Mr. Frank Brucker, Armour's buyer was at Kalamazoo yesterday and returning on the evening train encountered Mr. Tommy Koch, late with Hartford City and now with Story Parchment Company. Mr. Koch was returning from Trenton, Michigan. Mr. Koch, very well liked by the trade here, and as you know formerly an Armour buyer, is considered by his friends to have made a bad mistake in changing from a fine connection like Hartford City to what appears to be a most uncertain one with Story. However, according to Mr. Brucker Mr. Koch has no misgivings in this direction. Instead he is all hopped up about his new job, and he asserted to Brucker that Mr. Ezra Levin undoubtedly was the smartest person in the paper business. He went on to say that Story, with Levin as the guiding genius, knew more about parchment and can make it at a lower cost than any of the old established parchment mills. He said that from now on they expected to burn things up in the parchment industry, and he expects to book a large portion of the parchment business in this section next year.

EXHIBIT P. 11a

Subject: Changes in Price Lists
Series 3000 — Effective January 2, 1928.

Wholesale Price List Page 4 Item 7. Note change in Price of Jumbo Rolls over 9″ Diam., 25 Pound Substance.

" " " " 13 and 14. Note change in Price of 6″ and 8½″ Circles.

" " " " 26 Note change in 52½% Column 8½″ Circles.

Kindly insert these revised sheets in the proper place in your price books.

THE PATERSON PARCHMENT PAPER CO.,
Passaic, N. J.

EXHIBIT P. 12

PRICE BULLETIN No. 3000
Exclusive Wholesale Prices on
PATERSON VEGETABLE PARCHMENT
Based on Liberal Shipping Quantities and Regular Standard Bundles, Cases, Crates or Bales

No. 1 TERMS

2% cash in 10 days from date of invoice.
30 days net.

No. 2 FLAT SHEETS—88 SQ. IN. AND OVER	Price Per Lb.
25-lb. Substance, Standard Sizes in Bulk	12½c
30-lb. Substance, Standard Sizes in Bulk	15½c
40-lb Substance, Standard Sizes in Bulk	15c
50-lb. Substance, Standard Sizes in Bulk	15c
60-lb. Substance, Standard Sizes in Bulk	15c

No. 3 FLAT SHEETS LESS THAN 88 SQ. IN.	Price Per Lb.
25-lb. Substance, Standard Sizes in Bulk	19½c
30-lb. Substance, Standard Sizes in Bulk	16½c
40-lb. Substance, Standard Sizes in Bulk	16c
50-lb. Substance, Standard Sizes in Bulk	16c
60-lb. Substance, Standard Sizes in Bulk	16c

No. 4 ROLLS	Price Per Lb.
Pony Rolls —4¾″ Diameter—30-lb. Substance	15½c
Boss Rolls —9″ Diameter—30-lb. Substance	15½c
Boss Rolls —9″ Diameter—40-lb. Substance	15c
Boss Rolls —9″ Diameter—50-lb. Substance	15c
Jumbo Rolls—Over 9″ Diameter—25-lb. Substance	18½c
Jumbo Rolls—Over 9″ Diameter—30-lb. Substance	15½c
Jumbo Rolls—Over 9″ Diameter—40-lb. Substance	15c
Jumbo Rolls—Over 9″ Diameter—50-lb. Substance	15c

NOTE: ROLLS LESS THAN 4″ WIDE ADD 2c PER LB.

No. 5 PACKAGED SHEETS		25-lb.—30-lb. Sub.
Size	How Packed	
8x11	1000 sheet packages, cartons, tablets	$1.01 each
9x12	1000 sheet packages, cartons, tablets	1.24 each
8x12	500 sheet packages, cartons, tablets	.53 each
9x12	500 sheet packages, cartons, tablets	.66 each
8x11	250 sheet packages, cartons, tablets	.31 each
9x12	250 sheet packages, cartons, tablets	.38 each

No. 6 FIVE AND TEN POUND PACKAGES		30-lb. Sub Price
Size	How Packed	Per Lb.
8x11	5-lb. packages, sealed and wrapped	16½c
9x12	5-lb. packages, sealed and wrapped	16½c
8x11	10-lb. packages, sealed and wrapped	16½c
9x12	10-lb. packages, sealed and wrapped	16½c

No. 7 LININGS AND CIRCLES

WHITE PARCHMENT 5,000 or over each size
52½% Discount

BLUE PARCHMENT 5,000 or over each size,
30% Discount

The above prices are offered for prompt acceptance subject to change without notice.

We are prepared to ship promptly and assure you of our appreciation of your valued orders.

THE PATERSON PARCHMENT PAPER CO.
Office and Mills
PASSAIC, NEW JERSEY

P.13 NOTICE OF PRICE REDUCTION

Effective January 2, 1928

We take great pleasure in announcing a reduction in the price of PATERSON VEGETABLE PARCHMENT approximating Twenty dollars ($20.00) per ton.

THE PATERSON PARCHMENT PAPER CO.
Passaic, N. J.
January 2, 1928.

EXHIBIT K 359

Letter. January 2, 1928. Southon to Gentlemen.

We are very pleased to be able to follow our custom of the past two or three years and give you a revised price list on our KVP Genuine Vegetable Parchment.

On account of the reduction in the price of rags and some other items and because of our increased efficiency, we are enabled to do this.

With this reduction in price, we sincerely hope that you will be able to increase your tonnage on this line during 1928.

EXHIBIT K 360

Letter. January 2, 1928. Southon to Gentlemen.

We are very pleased to be able to follow our custom of the past two or three years by announcing a reduction of 1¢ per pound on KVP Genuine Vegetable Parchment.

On account of the reduction in the price of rags and some items entering into the manufacture of this paper and the increased efficiency of our Manufacturing Department, we are able to do this.

Revised price lists are now being prepared and will be ready for you in a few days.

We want to take this opportunity for thanking you for the orders which you have sent us during the year now closing and extend to you our very best wishes for a Happy and Prosperous 1928.

EXHIBIT W-109

Letter. January 2, 1928. West Carrollton to Gentlemen.

Effective today we announce a reduction of one cent per pound in the price of West Carrollton Genuine Vegetable Parchment and you will find enclosed copy of our new price list. All orders now on our books will be billed at the new prices.

Thanking you for past favors and wishing you a successful and prosperous New Year, we remain

EXHIBIT W-25

Letter. January 3, 1928. Moody to Moyer.

Ruf greeted me this morning with a large grin on his face—said—"What are you fellows going to do? put that new company out of biz. We were going to place all our biz with them through the Institute and now you have cut under their price"—I told him we were after the 40 lb. Greaseproof biz. Explained the small difference—he was interested—I get it over at Swift's—also took it up with Armour—I dont think there is any doubt but what Swift will switch—and the others follow—it develops that west of Chgo — that is as far west as the River we have them beat—that it is a saving to use 30 lb. Parchment in place 40 lb. greasproof—for all greaseproof is sold fob mill and my figures on Greaseproof only included the C/L rate to Chgo — when they have to ship to Kas City—St. Louis—St. Paul and points where we allow freight then 30 lb. basis parchment delivered destination is cheaper than 40 lb. Greaseproof.

EXHIBIT W-24½

Letter. January 3, 1928. Moody to Moyer.

Hartford City Paper Co. has offered their Chgo agency to Frank Brucker—buyer of Armour's he is considering offer now—

his boss out of town—waiting to see him—this means I will have to start with new buyer at Armours—if either one of his assistants gets the job—I will be sitting pretty—but if hire an outside man—then not so good— but believe Lynch will line any new man up properly in regard to division of biz.

Storey's man starts out next Monday—as far as I can find out the only order Storey secured in the Yards so far was 3000 lbs. 40 lb. Parch size 24x30—given to young Knott about 3 or 4 weeks —Knott is nephew of one of the V. P. of Armours. (party who said could deliver Armours parchment biz to you) He had the Storey account for about two weeks before they hired Koch—This 3000 lbs. was shipped to Kas City and the small sample I sent you yesterday was taken from a sheet sent in by KC Plant which is a sample of the Parchment received Please test that sample and advise.

This is only order they have taken so far.

EXHIBIT W-25½

Letter. January 4, 1928. Moody to Moyer.

I enclose a small sample of Story parchment given me yesterday by Armour's buyer—probably too small to test—but I wish you would advise me for my own personal knowledge—if this is an all wood sheet—also why the formation is different from our parchment also give me all information you can about this sample—so I can talk intelligently when any buyer springs Story samples on me hereafter.

Armstrong told me yesterday that Story is making strong claims on the greaseproof qualities of their sheet—going so far as to claim that would not be necessary to use the glassine and rag ham on the ham for absorbing grease—under the parchment with their wrapper—that their wrapper could be applied next to the ham and hold the grease—and would not show through—this is of course ridiculous—but might say in passing that if such a sheet could be made you would have the world by the tail as far as ham and bacon wrapping was concerned—anyway you can see how strong they are making their claim on greaseproof qualities of their sheet—I am going to predict that the next stunt they will do is sell the Chicago jobber's asso—as one unit on pony rolls etc—in other words give the association a special price for all members of asso—they to agree in turn to buy parchment from Story—this is being done by several mills in other

lines—Hanke of Nicolet Paper Co. new greaseproof mill just did this on greaseproof and glassine—and I happen to know his price on 40 lb. Greaseproof to the Chgo Jobbery Asso is less than his price to the Big Four Packers—watch him get in trouble—with packers.
Havent run into any Story competition yet.

EXHIBIT P26
House Letter. Jan. 5, 1928. Cox to Cashmore.
I have just learned within the past half hour that Mr. Frank X. Brucker Armour's buyer is to succeed Mr. Koch in the Hartford City Paper Co., job. This is rather annoying from the standpoint that I went to a great deal of trouble in the past year or more to get Mr. Brucker in a state of mind where he was giving us a pretty good break on Armour's parchment requirements.
It may be his successor will be just as satisfactory to deal with as I have lately found Mr. Brucker—at any rate I hope so. By the way Brucker's appointment has not been officially announced, so this is in the nature of confidential information.
While I am at it I might mention that Mr. Koch who made the rounds at the Stock Yards yesterday was quoted to me today as follows: Just as soon as he can get released from his Hartford City job, he will start knocking them off for Story. He said that Story's equipment is working perfectly and again he stated that they would use in their parchment manufacture nothing but all white cotton rags. He said further that while he was at the Mill last week Story had accumulated 60M lbs. of parchment in anticipation of his getting on the job and selling it.

EXHIBIT W-26
Letter. January 5, 1928. Moody to Moyer.
Referring to getting more information out of Ruf—might as well try to get it from the "Sphinx"—would not even try it—know him too well—but I also know that he has not quit making his drive on parchment—I am certain that he will use Osman of Institute of Amer Meat Packers to launch another drive on Storey—probably call another meeting of the Institute with Storey—I dont believe Storey will have anything further to offer—but Ruf will not leave a stone unturned to find out.
You know that one of the reactions you get in a voluntary reduction is that customer figures you must be making a big profit—

to be able to reduce price 1¢ per lb. also that trade figures Parchment is still too high—so with same idea in mind Ruf is going to make Institute go the limit to get further reduction out of Storey—the above is my supposition only—I have no information to warrant this supposition—but you can bet that the above is just what is happening.

EXHIBIT K 45

Letter. Jan. 6th, 1928. Greenlee to Kindleberger.

You will recall that when I was at the Mill, you asked me whether the Story Parchment Co. ever shipped the 3,000 lbs. of size 24x30–40 lb. Plain Vegetable Parchment to Armour & Co., South Omaha, Nebraska, on the order placed with you on Dec. 3rd, on Chicago order No. 605-G, and cancelled by you on Dec. 10th.

I have learned that the order was filled and that it was the only order the Story Parchment Co. had received from Armour's up to now.

I am attaching hereto a sample of the paper, and I would appreciate it very much if you would have Dr. Desautels analyze it. It is supposed to weigh 40 lbs. and Mr. Koch claims it weighs 37 lbs. but our scale shows that it only weighs 34 lbs.

It is a very brittle sheet and when Armour's attempt to wrap Fresh Pork Loins with it, it is liable to break and tear so readily that it will make a very imperfect Loin Wrapper.

Please let me have your opinion and analysis just as soon as possible.

The writer had dinner with Mr. Osman and his son-in-law, Mr. Hinchliff last Tuesday night, and between now and Saturday, I will write you about our visit.

It would appear now that Mr. F. X. Brucker of Armour's is to have Mr. Koch's job with the Hartford City Paper Co. Mr. Brucker told me that the position had been offered him and that he was to let Mr. Van Winkle know today. Mr. Brucker didn't want to accept the job, without first having a talk with Mr. Reynolds.

The Institute have a meeting this afternoon of the Buyers, at which time the Story Parchment Co.'s proposition is to again be up for discussion.

I expect to have a report on this meeting late tonight, or some time tomorrow, so that when I again write you, I will go into all of these matters that I had just touched on in this letter.

Awaiting your report on the attached sample, beg to remain

EXHIBIT K183

Letter. January 6, 1928. Miles to Dear Jake (Moyer to Kindleberger). Attached is a small sample of Storey Parchment given us by a Chicago buyer. This was torn from a shipment of three thousand pounds—40 lb. basis size 24 x 30 shipped by Storey about three or four weeks ago to Armour at Kansas City, and so far as I can learn this is about the only shipment they have made altho I understand they start active work in the Stock Yards Monday morning when probably the Fireworks will begin.

You will remember sending me a copy of the analysis made by your chemist on the 30 lb. sheet. Now these two papers look very much alike but I was wondering, if you have not already done so, if it would not be a good idea to look into this 40 lb. paper and see if it analizes out along the same lines as the other sheet. I know the analysis don't show it and I gather that you did not think much of their paper but just the same I do not think it is such a bad sheet of Parchment and believe it is one that can cause us competition and trouble. You will notice this sheet has a well closed appearance and sort of a dark oily look. This latter in my mind might come from unbleached Sulphite used in the Waterleaf.

What bothers me most is their claim that, the paper is much more greaseproof than Parchment made by anyother manufacturer and I would like to know whether or not this is a fact, especially because they are making the claim that if a packer will use their Parchment it will not be necessary to use glassine and the rag ham wrap for absorbency of grease under the Parchment because their Parchment being so greaseproof that it will hold the grease and will not show thru. This of course seems ridiculous but I just want to say in passing if this is a fact, or if such a sheet could be made the party doing it would have the world by the tail so far as ham and bacon wrappers are concerned.

I am going to predict that about the next move Storey makes will be to sell the Chicago Jobbers Association as one unit and give them a special price for all members of the association but if they do that and the Big Four Packers hear of it then watch Storey get into trouble with the packers. I am rather of the opinion that some of the buyers in Chicago will get together again with Storey and that we have not heard the last of Osman and his buying combination.

I certainly will appreciate your opinion on their claim of special greaseproof qualities over our sheet—whether it is a fact or not and if it is a fact do they get this by doping the paper or by a special parchmentizing process as they claim?
Just had a long distance call from Chicago—saying Cudahy had refused us a regular order we have been getting—Ruff said had a better price and left us under the impression another price would be out Monday—evidently from Story—guess the battle is on.

Part of Ex. K. 204
Letter. January 6th, 1928. Bullock to Dohan.
Inasmuch as I was scheduled to be in Washington this week I deferred answering your letter relative to the Kalamazoo Vegetable Parchment inquiry until I could check over the situation at headquarters, to make certain my own impressions were correct.
Answering first the direct inquiry of Mr. Southon, I can say that there is no export duty on this, or as far as I know, any American commodity.
As to import duties into South American countries, each country has its own schedule of tariffs, and as there are wide differences in the rates applied by various countries, I would not undertake to provide a schedule of the rates. There is a district office of the Department of Commerce at Chicago and also at Detroit, and I would advise Mr. Southon or his Chicago manager to apply to the nearest branch office for detailed rates of the particular country into which shipments are contemplated. I understand that there is a schedule of duties on all kinds of paper in most of the southern republics, and so it will be advisable to ask the Department of Commerce office for the vegetable parchment rate into the particular countries in which Kalmazoo is interested. This was the advice I received from the chief of the Department of Commerce foreign tariffs section.
The duty on this commodity when shipped from the United States into any South American country is the same as that imposed on the same commodity from Europe. The South and Central American republics give United States shippers the most favorable duty rates given any country.
I believe this answers Mr. Southon's letter, which I am returning. Your interpretation of Mr. Southon's problem is rather different rom my own, so I will explain the drawback situation which

you mention. Your interpretation of the drawback provision of the tariff is correct. European vegetable parchment can be imported here, after certain formalities regarding the application of the drawback provision have been arranged with the Customs officials. The full amount of duty is paid, sworn manufacturing records provided of the amount used to wrap the meat to be exported and the packer can then recover from the Government the amount of duty paid on the paper, less 1 percent, to meet the government expense of keeping records etc. The packer does not recover duty on any waste parchment, only on the exact amount that is used to wrap the meat for export. This is the procedure on all commodities.

I hope this answers the inquiry satisfactorily. If not, I shall be glad to give such further explanation as I can.

At the request of Mr. Brunner I am sending a copy of the address given by Mr. Wise before the Salesmen's Association of the Paper Industry, which is by far the most explicit statement of our work, and the need for our Committee, that has yet appeared.

EXHIBIT P27

Letter. Jan. 6, 1928. Chace to Mayer.

Had a nice talk with Mr. Keep this morning. He had just received a letter from the Story Parchment Co., advising them that as their competitors had paid them a compliment by reducing their prices in order to meet the competition from a concern who would only make the best parchment, they were reducing their prices one cent per pound on sheets and one and a half on rolls the 5 per cent still holding.

Said he understood that their paper was largely made from wood pulp and wanted to know if we had analized any of it and if I had had any report along this line. I think Burnham had told him this. You will remember that I wrote you before that Mr. Sterns of Story P. Co. told Mr. Jenks that they were only going to use cotton waste.

I also talked over the Batchelor and Snyder Co., proposition with Mr. Keep. He says that when the Glen Mills were operating they use to allow him this discount so that he could meet the price we were quoting B & S and Chamberlain and that while we were selling them some of their parchment he was getting a large slice for Glen Mills. At the present time he is not making anything on the parchment we ship direct to B & S. He makes a little sometimes on emergency orders and special sizes

which they ship from stock. He appreciates that we could get part of this business direct but says if we did why KVP would go after it too and he knows that we would only be able to get part of it as Mr. Burham has some inside pull there. He says Burnham stays out now on his account and that we are getting this business 100 per cent.

I feel that in this case we should offer Mr. Keep some inducement on this business. I know it would strengthen our position with them. As you know he is very friendly with Mr. Burnham and KVP might do this for them—altho I doubt if Mr Keep would do this. There is also the temptation to sell them some Story Parchment.

EXHIBIT W-27

Letter. January 6, 1928. Moody to Moyer

Called on Ruf personally at 4.50 p. m. to-day—to urge him to give us their Easter Parchment biz—he told me our price was not low enough—said there was a lower price out—that he had just received the information and that it would be given out officially on Monday—he insisted he was not kidding me—that the reduction was an absolute fact—asked me if I got any biz in Yards to-day—while I did not tell him—the fact of matter is I almost drew a blank in Yards to-day—but that happens occasionally so did not pay any attention to it until Ruf made the above remark—If this is true—then they used the Big Stick of the Institute on Storey Parchment Co.—making them believe they will get all Institute and Big Four biz if they cut under us—and Storey has fallen for it—

Suppose this will mean that we will be up against a cheap all wood parchment—

The absurdity of the whole thing is that Storey would be cutting prices before they are in production—before they have even produced a sheet—The packers dont know what they are going to get—

Its all a big bluff—to try to force us down still further in price—with nothing to back it up—

I phoned you at 5.50 p. m.

EXHIBIT W-27½

Letter. January 6, 1928. Moody to Moyer.

Talking to Greenlee to-day said he had dinner with Koch of Storey— [who is still working for Hartford City and will be for another week] Koch had that inquiry from Wilson—for 100 M

ultra panel printed Oleo Wprs—and asked Greenlee how to figure it—Greenlee showed him proper way to figure it.
Koch asked Greenlee about freight allowances—and Greenlee arranged to have him call at Kalamazoo's Chicago office tomorrow—and will give Koch copy of their freight allowance schedule—Greenlee asked me if I didnt think be good idea to give Koch this sheet—I told him I thought was good policy—as we did not want him running wild on freight allowances to Chgo trade.

EXHIBIT W-28
Letter. January 6, 1928. Moody to Moyer.
I talked with Grammer buyer of Swift's and later with Field—sales mgr Premium Hams & Bacon—regarding use of 30 lb. Parchment in place of 40 lb. Greaseproof—Grammer told me that were making still another test—first test favorable but decided make another. Field told me the second test included some hams wrapped in 30 lb. Greaseproof—as some one on the committee watching this test—insisted on trying out the 30 lb. Greaseproof—Field was certain 30 lb. G P would not do—but making the test anyway—I got the idea that they are practically settled on changing from 40 lb. Greaseproof to 30 lb. Parchment—I was talking to Cudahy about 30 lb. Parchment on their cheaper brands and they advised me they have been wrapping their puritan Hams & Bacon on Pacific Coast in 30 lb. Parchment for the last two years Claim dont make any difference out there as only shipped short distance—asked them what would happen that would make any difference if shipped a long distance—they did not know—am going to follow this up—but Armstrong told me the reason the Yards wants to swing to 30 lb. Parchment—is that they cannot get sufficient supply of printed Greaseproof—says know this to be a fact—told to him by Yards buyer—my suggestion would be to concentrate on making your 30 lb. Bases parchment the best possibly can—for strength softness—and cream white color—so we will be ready for this biz when it comes—as it will surely would also suggest that you find out and advise me just what to quote Swift on their decorated printing—so we will be in line with our competitors for this biz.

EXHIBIT K 25-B
Letter. January 7, 1928. Story to Gentlemen.
Story Pure Vegetable Parchment received its finest compliment

when the long overdue parchment price reductions were just published.
We have testimonials from everywhere showing our quality superior to anything on the market.
We need and deserve your support to remain independent and keep up the needed improvement in the parchment field.
Our prices will always be competitive. Send us specifications and samples of what you have been using in Pure Vegetable Parchment, and we will quote you.

EXHIBIT K-46
Letter. Jan. 7, 1928. Kindleberger to Greenlee.
Dr. Des Autels will examine the Parchment you sent in with your letter of January 6th.
Was also very much interested to receive the rest of the news contained in your letter. I shall be very much interested to know the final outcome of the Successor to Mr. Koch, and also the outcome of Osman's Meeting.

EXHIBIT W-29
Letter. January 7, 1928. Moyer to Moody.
When you got me on the telephone last night I was at a friend's house and had just sat down to a wonderful dinner. Of course it goes without saying that our conversation took a little joy out of the evening, but I am glad you called me.
As I understand it Ruff refused you the usual Easter order because he had a better price from someone else and I also understood you to say that Ruff made the remark, a new price list would be out Monday. I presume, of course, this is the Story Manufacturing Company, as I hardly think any of the other manufacturers would make another cut right now. Of course, I don't see what else Story could do. The only question is, where it will end, and the next question is, how long it will last. My advise would be to just go along as per usual, keep me in touch with any developments and I will advise you from time to time of any contemplated change. Naturally we are not going to stand by and lose all our business and don't think for a minute we are going to. Even if Story does get in the game with his present organization he can only handle a certain amount and the question is whether it will be satisfactory or not. Just the same it is going to force prices down below cost I imagine, but we will have to take our medicine along with the rest and

hope for the best. On the other side of the picture, we have received some very nice orders yesterday and today from other sections of the country and we don't hear a word about Story other than what you give us from Chicago.

EXHIBIT K 204

Letter. January 9, 1928. Dohan to Southon.

Your December 27th letter received advising me that a number of large packers with plants in South America are using European parchment, and you inquired whether there is any duty on GENUINE V. P. from the United States into South American countries, "Is there any export duty or import duty," and if so is it the same as that imposed on V. P. of European manufacture.

This being a tariff matter, I thought it best to take it up with Mr. Bullock on account of his familiarity with these matters, and am in receipt of his reply (copy of which is enclosed).

I was just going out of town when I received your letter and got a wrong slant on the letter in thinking that you referred only to draw-backs. You will note from Mr. Bullock's letter that it states there is a district office of the Department of Commerce at Chicago, and also at Detroit, and he suggests that you apply at the nearest branch office for detailed rates of the particular countries to which you are contemplating shipments.

If I knew the countries with reference to which you inquire, I would be glad to undertake this, and if you will advise me I will do so. On the other hand, if you prefer to take it up direct let me know if I can be of any assistance to you. Mr. Bullock's reference comes from the Chief of Department of Commerce foreign tariff section. You will note he also states that South and Central American republics give United States shippers the most favorable duty rates given to any country.

Let me know if I can do anything. If so, I will be only too glad to take it up.

Enclosure.

EXHIBIT K 104

Letter. Jan. 9th, 1928. Spies to Southon.

I was in to see these people today to find out how the trial run of 1,000 lbs. of our paper which we recently sent them through Package Paper worked. I was advised that it worked pretty good, although it was not quite up to what they had been receiv-

ing. The Package Paper informed them that our sheet was not as strong as Paterson's, that the bursting strength tested 18 and Paterson's tested 22 points, also that our sheet was a little stiffer than Paterson's. However, I understand that they placed the carload order for our paper with Package Paper and this undoubtedly has been received by you.

While I was in Atlantic Coast, Package Paper's representative came in and informed us that you had met Paterson's reduction and that the order was O. K. Incidentally Paterson's new prices are 21½¢ on carloads and 21¾¢ on 20M pounds, which is a reduction of 1½¢ from their previous price.

You will be interested in knowing that Story's representative was also in to see Atlantic Coast and are very anxious to get this Waxed Parchment business, having suggested to Atlantic Coast that they will take a carload at their figure, whatever they state. They informed Atlantic Coast that their paper was stronger, wet or dry and more grease-proof than our sheet. In making up the next car for Package Paper, it might be well to make the sheet a little softer than the previous run, so that it will work better on the wrapping machine.

EXHIBIT K 48

Letter. Jan. 9, 1928. Des Autels to Kindleberger.

Analysis of 40 lb. Storey Parchment

Greaseproofness

This paper is as near as we can say quite greaseproof, probably better than the average regular 40 lb. Parchment, but does not hold up as well as it might where creased or folded.

Dark Oily Appearance.

We find no unbleached stock in the furnish of this paper, but do find it to be practically an all-wood sheet and parchmentized harder than 40 lb. Parchment is usually parchmentized. We attribute the appearance to the harder parchmentizing and all-wood furnish.

Basis Weight.

35.4 lb. (24 x 36 –500).

Glycerin.

The sheet appears to have no glycerin treatment.

Brittleness.

This paper seems to be quite brittle being in line with other samples of Storey Parchment which we have examined.

Remarks.
The submitted sample was rather small and had been folded considerably so that we were unable to make a complete analysis, but believe this sheet to be practically all-wood, at least it does not contain enough rag to do any good whatsoever. It apparently is made just the same as the 30 lb. weight, upon which we reported previously.

EXHIBIT K193
Letter. January 9, 1928. Dohan to Kindleberger.
I find that I have to go out to Toledo, and it gives an opportunity for a meeting of the Import situation which I would be very glad to take advantage of if it suits your convenience. As my correspondence in Toledo is engaged in a case in an adjoining county, it may be a few days before I will be able to ascertain on what date I shall have to be there.
Will you kindly send me a wire on receipt of this whether about Monday, January 23rd or 24th. would suit you for a meeting in Toledo? I am sending a carbon of this letter to the others in interest, and hope by the time I hear from you to have heard from my correspondent appointing a definite date, and I will then wire you.

EXHIBIT K47
Letter. January 9th, 1928. Greenler to Kindleberger.
Replying to your letter of January 7th.
I will be very glad indeed to see Dr. DesAutels's report on the Story Parchment Co.'s sample that accompanied my letter of Jan. 6th and taken from a shipment to Armour & Co., South Omaha, Nebr.
Mr. F. X. Brucker of Armour's as accepted the job with the Hartford City Paper Co. and will leave the employ of Armour's next Saturday, the 14th.
I don't know who his successor is to be, but hope it will not be Mr. Tarpley.
There are some rumors that Mr. Tarpley is to take his old job back, but I hope the job is given to Mr. Elmstrom of Mr. Brucker's Department, for he is deserving of the job, and while young, is a very capable fellow.
I am sorry to see Mr. Brucker leave the services of Armour's, for he was certainly a good friend of our Company, as well as the writer.

I am sorry not to be able to tell you just what transpired at the Institute Meeting last Friday afternoon.

The party who was supposed to attend this Meeting and who has been giving me the information was not able to attend the Meeting, and I have not been able as yet to find out what developed.

When I had my visit with Mr. Osman and his son-in-law, Mr. Hinchliff, Mr. Osman told me that he had a signed contract with the Story Parchment Company whereby the Institute would receive a rebate of 5% on all orders placed thru the Institute and which money would be given back to the Institute Members. It is hard for me to reconcile this 5% as against the ½¢ per lb. which this friend of mine told me they were to get back thru the Institute.

5% is more than ½¢ per lb., isn't it?

Mr. Osman, however, told me that when Mr. Koch accepted the position with the Story Parchment Co., that he received a letter from the Story Parchment Co. withdrawing the agreement and consequently Mr. Osman was pretty sore at the Story Parchment Co.

He said that he had not heard from the Story Parchment Co. after they withdrew the arrangement, nor had he seen Mr. Koch, and he thought that Mr. Koch was afraid to come to see him.

Last Wednesday I had lunch with Mr. Koch and he asked me what inside price we were making the Institute and asked if we were giving them the ¼¢ per lb. allowance.

I told him "no," and that any orders placed with us thru the Institute were billed at the regular wholesale price, all Packers were entitled to.

I take it from this, that Mr. Koch is thinking of approaching Mr. Osman and offering Mr. Osman ¼¢ per lb.

I imagine that the Story Parchment Co. have found out that they can't afford to pay 5% to him, and 5% to the Institute, even though all this transpired before we reduced our prices 1c. per lb.

I am sorry that I haven't more to write you on the subject and you can take the information that I am now giving you for what it is worth to you.

Just the moment I find out what is doing between the Institute and the Story Parchment Co., will write you further.

In the meanwhile, will await Dr. DesAutels' report on the sample sent you.

EXHIBIT P329

House Letter. Jan. 9, 1928. Mayer to Mayer.

Several of our salesmen have asked what reply they should make when questioned by the trade as to the reason for the recent price reduction, and I have suggested the following:

We are constantly striving to lower the price of Parchment Paper and whenever we feel that it is possible for us to do this we put the reduction into effect at once. It is just a coincidence that the Story Parchment Company happens to be in the field this year when the reduction came about. However, last year on December 11th there was a reduction of $20.00 a ton, and also the year previous on December 23rd a similar reduction. It is our constant effort to save on overheads and cost of production and whenever this is accomplished the saving is passed on to the trade. We realize that the lower we can get the Parchment price, the more paper will be consumed and find its way into new fields.

EXHIBIT P83 C

Letter. January 9, 1928. Stearns to Dwight Bros. Paper Co.

We are a new concern but all "old timers" in the Vegetable Parchment game. We are independent, have many new ideas and modern machinery, both of which have combined to produce a Pure Vegetable Parchment far superior to any at present on the market.

Our sheet will test stronger, wet and dry; is more thoroughly greaseproof, wet and dry, and is absolutely tasteless and odorless. We are equipped to do superior printing with brilliant inks that answer all the requirements of Pure Vegetable Parchment.

We solicit the paper merchant's business; we do not sell the consumer and we offer attractions to the jobber.

We are enclosing samples of our 303 Pure Vegetable Parchment; look it over and then test it. We make all weights and cut all sized.

Prices will be furnished upon inquiry.

EXHIBIT W-30

Letter. January 9, 1928. Moody to Moyer.

I expected that I would hear of the reduction in price of Parchment when I went out the Yards to-day—but no one said a word until I reached the Allied Packers—Franklin their buyer—made the remark—"You Parchment fellows are certainly going

to have your work cut out for you by the Storey Co. understand still a lower price in sight"—I asked him if Storey had made a lower price—said "no—but understand they will."—I asked him if Storey told him so—said "no but I was told they will"—I said—did Storey intimate it—or did you get that dope from some buyer—and he stated he was advised by another buyer—that means that Franklin got his information either from Ruf—or from Osman of the Institute—

Later Armstrong asked me if I had run into the new price—told him I had not—well after coaxing him a little—he came through and advised me that Storey was going to make a still lower price than ours—if had not already done it would do it immediately—but Armstrong wouldnt say how much reduction was—which I think he knows—

So you can expect to hear of this reduction immediately.

EXHIBIT W-29½

Letter. January 9, 1928. Moody to Moyer.

Roger Lovelace is the name of the new buyer at Armour's—I arrived at Armour's just few minutes after he had been notified he was to succeed Frank Brucker—and had a half hour interview with him before he took over Brucker's desk—Brucker came along while we were talking and gave me a wonderful boost to the new man—I then left without asking for biz—as Brucker had been instructed not to place any more orders—and everything was more or less in a chaotic state—as it would be as you can realize during the first few hours of a change of this kind. I advise them would see them next Wednesday.

Fortunately I have always made it a point to cultivate this party ever since started calling on Armour's—despite the fact he bought coal and salt—and had nothing to do with paper purchases. He is not in Brucker's department—never bought paper before—I feel that we will get our share of Armour's biz—and really believe will get more than ever did before—so that ends the worry as far as change in Armour's buyer is concerned.

EXHIBIT K 184

Letter. Jan. 10, 1928. Kindleberger to Dear Miles (Moyer)

We make haste to answer your letter of January 6th, and we are enclosing Dr. Des Autels' analysis of the sheet in question. It is nothing more or less than a wood sheet parchmentized hard. You can get a better greaseproof effect by parchmentiz-

ing your paper a little harder, but then you make the sheet brittle and it ceases to function satisfactorily unless you dope it.

I am also sending you a portion of a letter received this morning from Jim Greenlee.

Don't worry, but keep on sawing wood and we will come out on top.

EXHIBIT K49

Letter. January 10, 1928. DesAutels to Kindleberger.

ANALYSIS OF 34 LB. STORY PARCHMENT

Greenlee's Letter 1/6/28 — Your Letter 1/7/28

We have carefully analyzed the 34 lb. weight of Story Parchment submitted by Mr. Greenlee and report as follows, giving for comparison some values for KVP 30 lb. and 40 lb. Regular Parchment:

	Story Parchment	Standard Average Values. KVP 40 lb.		KVP 30 lb.	
Basis Weight	33.8 lbs.	40.0 lbs			
Burst					
Dry	24.0	28.7		18.7	
Wet	9.8	13.5	samples from stock	11.5	samples from stock
Ratio — Wet / Dry	0.408	0.470		0.611	

Note that our Parchment loses less of its Burst when wet.

Tear			
Machine Direction	20.0	28.6	19.6
Cross Direction	21.0	29.6	20.3

Degree of Parchmentization:

The Story Parchment is parchmentized somewhat harder than KVP Parchment but is not what we would call parchmentized excessively hard. It does not in handling feel especially brittle but the tearing strength is low, being very little higher than that for our Regular 30 lb. Parchment as shown by the figures, indicating greater brittleness, which of course, corresponds to harder parchmentizing.

Glycerine

The Story Parchment does not appear to have been glycerine treated.

Fiber Analysis

This sample of Story Parchment shows the same fiber analysis as previous samples, namely; it is practically an all wood sheet and contains little if any rag, certainly not enough to do any good whatsoever.

Greaseproofness

The Story Parchment is quite good in greaseproof qualities, somewhat better than our Regular 30 and 40 lb. Parchment, but it does not appear to be as good as our Special Lard Liner Parchment.

EXHIBIT K-50

Letter. Jan. 10, 1928. Kindleberger to Greenlee.

Your newsy letter of January 9th gives us another surprise When you see Mr. Brucker, tell him I wish him all the luck in the wide, wide world. He is a decent chap and a hard worker and he is entitled to something better than he had.

Let us both hope and pray that a good friend of ours will take his place.

I had a good laugh reading about Brother Osman and his Institute, and also breaking the faith so early in the game with the Storey Parchment Company. I am very much afraid that it is going to be hard to make any good permanent connection with the Storey outfit if they are so bloomin' fickle that something they say or do today will take wings tomorrow.

Give us all the information that comes to you as every little bit will help us to arrange our program to meet the situation as it occurs from day to day.

EXHIBIT P76

Letter. Jan. 10, 1928. Cox to Cashmore.

At Armour & Company today Mr. Brucker was still there breaking in his successor, a Mr. Lovelace who has been shifted from somewhere to take Brucker's place. I had never heard of Mr. Lovelace, and several salesmen I talked with were equally in the dark as to what part or branch of Armour & Company he comes from. Any way while I was working with these two Mr. Koch came in accompanied by a rather elderly gentleman. I asked Brucker who the latter was, and he said "Why that is Mr. Miller, with the Wayne Paper Goods Company, Fort Wayne, Indiana, the man who is responsible for me getting the Hartford City job." That was all that was said.

Now I know next to nothing of the Wayne Paper Goods Company, what they make or what sort of paper they work with, but I do know that they are tied up with Hartford City Paper Company—the officers and directors of the two concerns interlocking. Possibly this concern works with parchment to an extent, and if so, no doubt you at the Mill are familiar with them. At any rate with Mr. Koch representing the new parchment Mill I am wondering what connection there can be with the two men traveling around together.

On the way out I stopped to talk with Mr. Koch, wished him the best of success and all that sort of thing. Tommy said he didn't expect to do us or the other old established parchment mills any great amount of damage, he said that Story hoped to put their proposition over more on the basis of new ideas they had for the use of parchment.

Mr. Koch was quoted to me today as having said at the Yards that the parchment Story will offer will be made in such a way that it can be kept indefinitely without becoming brittle. Asked if that meant they were going to glycerine all their parchment, he said, No, nothing like that, that there would be no glycerine used but it was a case of their knowing of a process of turning our parchment to overcome its natural tenency to grow brittle.

EXHIBIT K194

Telegram. Jan. 11, 1928. Kindleberger to Dohan.

Dates of January conflicting with Stockholders meeting much prefer wait until February paper meeting New York.

EXHIBIT W-136

Telegram. January 11, 1928. Moyer to Dohan.

Dates mentioned in your letter satisfactory to me Toledo.

EXHIBIT K 195

Letter. Jan. 11, 1928. Kindleberger to Dohan.

We have just wired you as per the confirmation attached.

We seem to be so busy with our new building program and the reorganizing which a new building program always means, and with our new price lists for practically all of our lines, every men here is working eighteen hours a day.

Prices have been reduced the first of January anyhow, so I rather think it would be better to meet on the Import Situation in February as perhaps new problems will have appeared on the

horizon that will need our careful attention.
I trust this will be satisfactory to you and to the others.

EXHIBIT P. 58

Letter. Jan. 11, 1928. Paterson to Swift

In accordance with our special notice, Reduction in Price mailed your office Jan. 2, 1928, we are attaching exclusive lists covering standard sizes and weights, minimum shipments and terms in effect on all orders booked and shipped on and after Jan. 2, 1928.

Price List Plain Parchment
Contract Meat Wrapper (Printing Only)
General List (Printing Only)
Circle List No. 63
Lining List No. 63.
Deliveries

EXHIBIT K105

Letter. Jan. 11, 1928. Fletcher to Doc and Christy.

Attached is order from the above, for 1928 requirements, and it was taken from under the nose of our new competitors (Storey Parchment Paper Co.).

Our competitors quoted a lower price (I presume our wholesale price), but Mr. Hutchinson of Tech's said he would stick by us this year at least.
P. S. Attached is a sample of our competitors product.

EXHIBIT P. 330

House Letter. Jan. 11, 1928. Cox to Mayer.

Acknowledging your letter of Jan. 9th suggesting what to say when the Trade asks why we made our recent price reduction. It happens George that we had framed up almost an identical explanation. I had in mind doing this from the first, and then when KVP's letter came out—I sent a copy of it to Mr. Cashmore—and we found they were giving a similar explanation, we simply lined up on the proposition.
Of course I have no doubt Story Parchment Co., will take what credit they can for this price reduction.

EXHIBIT P. 68

Letter. Jan. 11, 1928. Mayer to Chace.

Acknowledging your letter January 6th regarding your interview with Mr. Keep of W. H. Claflin & Company, we were very much interested in getting the information contained in your first paragraph wherein you state that the Story Parchment Company were reducing their price 1¢ per pound on sheets and 1-½¢ per pound on rolls, with the usual 5% still in effect.

Do we understand that this 1¢ a pound on sheets reduces their price on 30 lb. Parchment to 15-½¢ and on 40 and 50 lb. to 15¢, and the 1-½¢ per pound reduction on rolls 30 lb. basis to 15¢ and on 40 and 50 lb. rolls to 14-½¢? We are wondering if we understand your letter correctly or are you taking into consideration the ½¢ a pound differential that existed on rolls over flat sheets prior to our cancellation of this differential? Our understanding was that they never did have a differential on rolls over sheets, and therefore the 1-½¢ reduction on rolls would bring their price ½¢ a pound under our roll price on 40 and 50 lb. paper. Kindly advise us if we are correct in this assumption.

As to the second paragraph of your letter, we do not care to broadcast the analysis which we have made of the Story Parchment Company's parchment as you know we prefer to sell our product on its merits and not on the shortcomings of our competitors. It is reasonable to suppose that a new company starting in the Parchment field has a lot to learn and a lot of problems to solve. We have had forty years experience in solving the problems of this specialty, Genuine Vegetable Parchment, and if the Story Parchment Company lasts that long they will know more than they do now.

Regarding Batchelder & Snyder, this is a pork packing account and should rightfully be classified as mill business just as much as Swift & Company or Chamberlain & Company, or any other packing house. The mere fact that Mr. Keep is selling this account on practically no margin of profit is no reason why we should put him in a position to sell this account on a profitable basis any more than any of our other jobbers in Boston. We treat them all alike and have them all on the same basis, and Mr. Keep must realize that it is thru our efforts that he is not having competition from H. J. Dowd or Stimpson, and his argument about keeping Mr. Burnham out of there never did seem

reasonable to us because after all Mr. Burnham must have some respect for the company that he is working for, and if he deliberately keeps away from a profitable account thru the friendship and suggestion of a jobber whom he is not selling, we think he is different from most human beings. Mr. Burnham has every right to go into Batchelder and Snyder's and quote them his wholesale price and should do so if he is honest with himself and his company.

I am sure if we gave Mr. Keep a commission on Batchelder & Snyder's business it would not be long before he would be wanting the same thing for Chamberlain & Company, and this would cause a breakdown in our whole selling system and fairdealing with our loyal jobbing trade in Boston. It is natural we can expect greater competition now that a new parchment company is in the field, and it means you will have to watch your accounts, including Batchelder & Snyder, and see that Story Parchment does not get a foothold there or in any of our other accounts.

We have to work harder this year than ever before as these people are undoubtedly going to be trouble makers and use sharp selling practices.

I will be very glad to go over this situation further with you as I am anticipating being in Boston on January 18th for at least a day to attend the Commission Merchants Convention.

If it is at all possible for you to get any written matter or letters of announcement of Story Parchment Company reduction of prices, do not hesitate to send them on to us as we wish to keep posted on their activities.

EXHIBIT P. 75

House Letter. January 11, 1928. Cox to Cashmore.

With reference to my letter of yesterday mentioning Mr. Koch in company with Mr. Miller of the Wayne Paper Goods Company. I find now that Wayne Paper Goods Company make cartons, and Mr. Koch is going to represent them here in addition to representing Story Parchment Company.

I learned further that the nature of Mr. Koch's contract with Story is this. He is on a guarantee for the first six months of the year, but for no longer and his selling commission is 5%. Mr. Koch states he expects to sell daily in the stock yards 10,000

lbs. of parchment, thus making himself about $20,000. a year on this line. 10,000 lbs. of parchment a day is about three million pounds a year, which according to my estimate is rather more than is bought in the Stock Yards, so I anticipate Mr. Koch is in for a little disappointment.

Mr. Koch asked one of our competitors to tell him exactly who of the packers were getting the $\frac{1}{4}$¢ per lb. below wholesale. He was given exact information and immediately went to at least one of the small packers who does not get the one quarter cent inside and offered this price basis. I understand further that he is offering a trade discount of 2½% as against our 2%. We will try to verify this latter especially with regard to whether he will make this offer general, and I will advise you of anything we find.

EXHIBIT K 25-a

Letter. Jan. 11, 1928. Howe to Southon and Kindleberger.

Attached is a letter from our esteemed friend and public benefactors located (temporarily) at Trenton, Mich.

One of our Cleveland customers mailed this to me.

EXHIBIT K 205

Letter. Jan. 12, 1928. Southon to Dohan.

I have your letter of Jan. 9th, together with a copy of Mr. Bullock's letter of Jan. 6th and I appreciate very much, the information that has been given to us and the interest that you have shown in this matter.

I am going to have our Chicago manager get in touch with the Department of Commerce at Chicago and see what he can learn. I will also have him give me the South American Countries in which the packers are particularly interested and if we cannot get the information that we desire from the Department of Commerce at Chicago, I will write you again. Because I am sure that if we cannot get the information here in the West, that you will have no difficulty in getting it for us in the East.

EXHIBIT P65

House Letter. Jan. 12th, 1928. Cashmore to Cox.

I have yours of the 5th in re Frank Brucker and regret that he is to leave Armour to succeed Mr. Koch in the Hartford City

organization. You had succeeded in getting Mr. Brucker around to a favorable frame of mind and it seems rather hard luck if this will all have to be renewed on a new buyer.
I can understand Mr. Koch's enthusiasm for the Story proposition especially after he has been fed up with Levin's line of talk. It occurs to me that we must expect stiff competition from the Story people and be prepared to meet any emergency that might arise.

EXHIBIT P77

House Letter. Jan. 12, 1928. Cox to Cashmore.

I wrote you yesterday that I had been given to understand Story were offering 2½% cash discount against our 2%. I find now that I did not have a correct understanding of this matter yesterday, so I will give you more accurate information as follows:—Story's offer is the regular wholesale price—instead of ¼¢ per lb. less as we quote to the big packers, less 2½%. In addition there is the 2% cash discount. To make myself perfectly clear, their 40 lb. substance is 15¢ per lb. less 2½% or .1462½ then the 2% cash discount comes in.
Mr. Greenlee is giving this same information to his Mill but is not recommending that we meet the situation any more than I am. I will keep you advised as to how the trade seem to react with this Story price basis.
25 lb. gets an even greater reduction—for example to Swift on ¼ lb. Wrappers 2½% on 19½ is .4875 as against our .25.

EXHIBIT P281

Letter. January 12th, 1928. Cashmore to Dohan.

The annual banquet of the American Paper & Pulp Association is to be held on the evening of February 23rd.
I trust we may have the pleasure of your Company as our guest at that dinner and anticipating your acceptance of same, I have made reservations accordingly.

EXHIBIT W-30½

Letter. January 12, 1928. Moody to Moyer.

Called on Osman—told him had been advised by Stock Yards buyer that he was placing biz with Kalamazoo—when he had always advised me that his parchment purchases were "nil"—Told me that he had placed two orders in last six months—both for circles with Kalamazoo—one for Sullivan Packing Co other for Columbus Pkg Co.—[I only used the above for an excuse

to call]—told me there was no reason to ask packers to send orders to him for Parchment when could not save them any money—but if we would make the Institute a proposition allowing the Institute 5% reduction—that he could deliver the tonnage of all the members of the Institute—now here comes what I was after—said—"I am going to tell you something further—Storey Parchment Co. made the Institute a proposition to allow all members Institute a reduction of 5% from their regular price—then later Storey withdrew this proposition—so I am not buying Parchment"—I believe Osman—when made my report of a call on Osman about month ago—you advised me he had not told me all the facts—but I believe I neglected to report that at that time he told me had proposition from Storey laying on his desk—so he did not hold out much on me at that time except the price.

Now—I wonder if Storey withdrew their proposition after you made the reduction in price of 1¢ per lb—their reduction was 5%—would equal 5% of 16¢—which would make their price at that time 15.20 per cwt. less 2% Cash—so you were wise in making cut of 1¢ lb instead of 1½ lb. Osman and I talked about mistake Koch made in leaving Hartford City Paper Co. to go with Storey—Osman said was a dam fool thing to do—I told Osman I only knew of one order they had secured from a Packer—he said there was another one—that they had sold Hammond Standish Co Detroit.

Now—another angle—I have not heard of any new Storey price—which Ruf claimed there was going to put into effect last Monday—I have not heard anything of it in Yards—except what I reported Franklin of Allied said—and he admitted did not get his information from a salesman but from a buyer.

The fact Storey withdrew their proposition shows they have decided not to play with the Institute—but that dont mean that they might not come out with price under ours—for entire trade—I would like to bet Koch advised them to lay off the Institute—Koch is an old Armour man—and he knows how Armour purchasing agt feels toward Institute—Osman told me to-day—that there was only one packer that would not take advantage of some of their contracts—[that is the Institute Contracts] and that was Armour that Armour would not work with him.

Well—Ruf may be stringing me—or maybe he knows Storey is going to cut—but so far I havent heard of any cut.

EXHIBIT K29

Letter. Jan. 13th, 1928. Greenlee to Kindleberger.

Attached hereto, please find a blotter that Mr. Koch has distributed.

I think he has made an error in the copy by calling their Product "Superlative" Vegetable Parchment, for I think he intended to say "Superfluous" Vegetable Parchment.

There are now four Parchment Manufacturers, no doubt, classed as follows:

GOOD,
BETTER,
BEST,
SUPERLATIVE.

I don't know where they class us, but I have heard that Mr. Koch, as well as Mr. Goldman, stated that Paterson's Product ranks next to theirs.

Mr. F. X. Brucker's successor with Armour's is already on the job and goes by the name of R. W. Lovelace.

Mr. Lovelace has had no experience with paper, but has been with the Armour & Co. Organization for about 15 years; 10 years as buyer for Morris & Co. and Armour & Co. at South Omaha, Nebraska, and 5 years here in Chicago.

Mr. Lovelace is of a little different caliber than any of his predecessors, in that he is for system and attends strictly to business and isn't open for conversation or entertainment.

While I have known Mr. Lovelace for a number of years, I have not had occasion to "know" him intimately, but merely a nodding acquaintance.

He is a gentleman I think who will handle his Department and the salesmen calling on him strictly on merit, and I can't help but feel that eventually we will fare even better than we have in the past, and really I am glad that they have put an outside man, as you might say, in as the Head of this particular Department.

Allied Packers, Inc.

Mr. Franklin told me yesterday that Mr. Koch had already called on him and said, that instead of offering him ¼¢ per lb. special concession in price, he would allow the Allied Packers, Inc. a special 2-½% Trade Discount.

Swift & Company

Just as I was leaving Mr. Gramer last evening, he stated that our price was now a trifle higher than prices offered by our new competitor, and that this 2-½% they offered was a little better than ¼¢ per lb.

You can figure it out yourself that 2-1/2% Trade Discount is better than 1/4¢ per lb.

I have not heard of Mr. Koch's making this concession to any one else, but the chances are that he will.

I do know that Mr. Franklin of the Allied Packers, Inc. has always contended that his people were entitled to the special 1/4¢ per lb. concession that we make Armour's, Swift's, etc. and Mr. Moody did at one time make him this concession, but it was later withdrawn.

Under the circumstances I feel that I should be given permission to give the Allied Packers, Inc. the same price I quote Armour's, Swift's, etc., but think I would hesitate taking action on this 2-1/2% Trade Discount until we get a little more data.

2-1/2% Trade Discount is going to be a very difficult thing to handle when it comes to figuring out the price per M sheets, and I certainly am surprised at Mr. Koch, for he knew that we were giving the 1/4¢ per lb. special price and which shows on the face of it that it is a Jew Trick.

How would you suggest my combating this 2-1/2% Trade Discount they are offering to our Trade who now receive the special 1/4¢ per lb. concession, or the carload price?

Awaiting your reply.

EXHIBIT P331

Letter. Jan. 13, 1928. Mayer to Cox.

Acknowledging your letter January 11th which has reference to my letter of the 9th wherein we discussed the explanation the men should give the trade as regards our reduction in price.

As a matter of information, Mr. Chace writes us from Boston that the Story Parchment Company went to the Vice-President of W. H. Claflin Company, a big jobber whom we are selling, and told him that their competitors had paid them a compliment by reducing their prices in order to meet the competition from a concern who would only make the best Parchment and that they, the Story Parchment Company, were reducing their price 1¢ per pound on sheets and 1-1/2¢ per pound on rolls with the usual 5% still standing. This will put their price 1/2¢ a pound under our roll price. We have written Mr. Chace and questioned him to see if this information is correct as they may be considering the 1/2¢ differential on rolls which we cancelled in the first part of December.

We had an instance in New York where they are quoting the

retail butter trade in one instance wholesale prices and in another instance less than wholesale prices; that is, according to our figures, or they are not taking into consideration the extra charge for two color work.

This is just information that we are running across which I think it will be well for you to know about because undoubtedly you will find the same conditions in your territory, and it is well to be posted ahead of time.

EXHIBIT P79

House Letter. January 13, 1928. Kerr to Leonhard.

Mr. Louis Anatrella phoned us this morning for price on 100M 8 x 11, 30 lb. red and blue "BROOKVALE PURE CREAMERY BUTTER" wrappers, two colors, two panels. Our quotation of $1.56M elicited the response that we were 20¢ over the pricequoted by the Story Parchment Co. He said he made the water test with their sheet and ours and theirs is just as good as ours. When he said the other sheet was whiter than ours we explained that a thoro union of all fibres in the sheet would not give a white sheet. This did not mean anything to him as in his opinion the test proved conclusively that their sheet was just as good as ours.

Will you look into this matter today?

P. S. Mr. Anatrella just called again asking for price on 100M ¼ lb. stock printed wraps. When we quoted 84¢ M. he said "Do you know what Story P. quoted on this?" W. F. Kerr. AM "73¢ M" he said.

EXHIBIT 78

Letter. January 13th, 1928. Cashmore to Cox.

This will acknowledge your letter of January 10th referring to Mr. Brucker's successor, Mr. Lovelace and also to Mr. Koch and his connection with the Story Parchment Company.

The Mr. Miller, of whom you speak, as being connected with the Wayne Paper Goods Company and also with Hartford City Paper Company, I know to be financially interested in Hartford City and rather the rolling spirit in Hartford City from a financial and business standpoint. We have come into contact with him through our negotiations with Hartford City recently. Your letter of the 11th clarified Mr. Miller's connection with Mr. Brucker and Mr. Koch somewhat and there is nothing to add to what you have already learned.

It is interesting to note your comments on Mr. Koch's arrangements with Story and the nature in which he is to be guaranteed for the first six months. Should Mr. Koch rely entirely on his estimate of what he may do in the stockyards and elsewhere, I feel also that he is in for no little disappointment.

What he or others have to say about the capabilities of Story Manufacturing Company and their superiority over others can, in my opinion, be considered as further propaganda eminating from our friend Ezra Levin and bespeaks his usual line of talk which must be proven to be accepted.

There is no doubt but that they are going to make an acceptable sheet but so far as incorporating a process to overcome the natural tendency towards brittleness, I have my doubts of this on a plain sheet without some sort of impregnating or coating.

It is interesting to note Mr. Koch's activities in the stockyards, especially in reference to the ¼¢ allowance below wholesale and of his offer of discount of 2½% against ours of 2%. We might expect this sort of thing and I believe our best attitude would be to stand pat and ignore their attitude as much as possible so far as it concerns us and watch developments.

EXHIBIT W-31

Letter. January 13, 1928. Moody to Moyer.

I decided this AM I would get you some definite information before you left for New York—so I had talk with Gramer of Swift & Co who suggested I see Osman—I told him Osman did not buy any parchment and that he told me Storey had made them a proposition of 5% discount which proposition Storey later with drew—I also told him that it had been intimated to meet that Storey had cut under our price effective last Monday—but I had not run into any buyer that had sprung in on me—outside of this one party—Gramer said "Osman is a liar he never received a 5% discount proposition—Storey's price to the large Packers is 2½% discount from the wholesale price prevailing—so instead of Storey's price to Swift and Co being 14¾¢ lb. or 40 lb. basis which is your price—Storey's price is 2½% discount from 15¢ equals 14.62½ less 2% cash.

There is the price that Ruf meant— in other words they are 12½¢ cwt less than us to the Big Four packers.

EXHIBI W-31½

Letter. January 13, 1928. Moody to Moyer.

Referring to your letter regarding change in size of wrapper for Jelke—I wish you had been with me when I called on Jelke to

advise him our price on printing that 500 M 6⅞ x 16½—was 28¢ M—could not make price of 25¢—you remember your acknowledgment read 30¢ which is regular price—and they advised they were buying at 25¢—and we advised would make price 28¢—and was low as we could go—Jelke wanted to know if order was printed—I told them it was on the press—the biz I have received from Jelke—always—was not on any price I made—their buyer had to coach me all the time—had to show me Kalamazoo's prices—I had never made any concession—in fact my whole transaction with Jelke had all been one sided—they made the prices—I just met our competitors bids—Well here I was in position—where I had buyer sure — with prospects of my losing what standing I had gained—so I told him that the only way I could meet his views was for Jelke to cut the size of their wrapper an ⅛" all around—They had 1000 sheets sent in and made test and found could use this size—and the buyer is happy and I have finally saved Jelke some money—and stand well with buyer and its not all 100% Kalamazoo Concessions now. Don't blame me—blame Kalamazoo—they were not satisfied with making Jelke the lowest prices prevailing in country—but they continued to make Jelke one conecssion after another—despite the fact they had all Jelke biz until we cut in—I had to do something to meet their competition.

EXHIBIT K 51

Letter. Jan. 14, 1928. Kindleberger to Greenlee.

It would be satisfactory to us to have you give the Allied Packers, Inc. the same price you give to Armour and Swift; but don't make any concessions or meet the Story People until we have a chance to look it over first.

I am very much afraid that unless we go somewhat slow in meeting conditions and prices, we are liable to upset our whole Institution very quickly.

For the life of me I don't know what else to do except to just keep busy sawing wood, make the best bloomin' sheet we can, and give the best service, and ask a legitimate price. If we stick to this program—it is a simple one—I am dead sure we will win. It has been the secret of our winning for 18 years and I am sure it will win for a few years longer.

Now don't be surprised at anything that is said or done by the Story People. Please take my advice, "Don't let your face

nor your words betray the spirit that might be within—that this crowd gets your goat." Say nothing or change the subject and talk about something else."

If they see that it disturbs you to talk about Story, of course they will all take a whack at you. They will soon stop if you show them that it affects you not one bit, that you are only there to plug your own line.

This is the advice I gave to all the boys, I would do it myself, and I have won out in other cases similar to this.

EXHIBIT W-32

Letter. January 14, 1928. Moyer to Moody.

This is late Saturday morning and your mail just came in. As I have to attend a funeral this afternoon must get away early and will give your letters a hurried reply.

To begin with, it certainly is great getting the opportunity to quote on Armour's Oleo Wraps and here's hoping we will be able to get at least a portion of this Oleo business in addition to what you already have developed with them. Roddy is figuring up these prices and will get the letter off to you this afternoon so that you have it Monday morning.

I notice with interest your letter with reference to Storey's prices in the Yards which, as you figured, is about 12½¢ less than our price. I don't know what to say about this except just to keep on keeping on and there is a possibility that the packers are willing to pay this much more for a first class sheet of Vegetable Parchment, one that we absolutely guarantee to contain a right percentage of rags to make it a Genuine Vegetable Parchment, rather than pay a little less for a sheet that they are not absolutely sure of and one that has not been established or proven its worth.

EXHIBIT K30

Letter. Jan. 16, 1928. Greenlee to Kindleberger.

Your letter of the 14th received, and acting on your authority, I will treat the Allied Packers, Incorporated, the same as I treat Armour, Swift, etc.; but will not make them any further concessions to meet the Story Parchment Co. competition.

Today Mr. Koch starts in devoting his entire time to the Story Parchment Co.

He used to take Mr. Brucker around, introducing him as his successor, with the Hartford City Paper Co., and introducing himself as the representative of the Story Parchment Co.

I don't know just what Mr. Koch has up his sleeve, but I learned Saturday that when we reduced our price 1¢ per lb. effective Jan. 2nd, that it took "all the wind out of his sales," for he had intimated that when he started out on the job he was going to give the packers a surprise in the way of a price reduction, and intimates even now that we must have gotten wind of it and beat him to it.

Some even now think that when Mr. Koch starts out today, he will announce a further price reduction.

I am trying to act just as you outlined in your letter, but cannot help but feel just a trifle nervous, although I try not to show it. The Story Parchment Co., I do not believe, would get a great deal of my business away from me on an even basis, and possibly must do something on the "Q. T." to get a start.

No doubt I will receive lots of rumors, but will not let them disturb me, but will keep you posted on all developments.

EXHIBIT K185

Letter. January 16, 1928. Miles to Dear Jake (Moyer to Kindleberger).

I appreciate very much your letter and analysis on the 40 lb. Storey Parchment.

Any news that I get from the Stock Yards on the subject of Storey I take with a grain of salt and what I am giving below you may take for just what it is worth. I am inclined to think the information is true as it came from a source which we think reliable.

You will remember I wrote you several days ago advising that Ruff of Cudahy had refused us a regular order saying, that our price was too high and that Storey would be out with a new price the following Monday. That was over a week ago and so far we have heard nothing new with reference to the price, but on inquiring around for this new price the party who gave us the information said that Storey had never given Osman a 5% discount. This party claims that he was in on the meetings and the proposition is 2-½% discount from the wholesale price prevailing—so instead of Storey's price to Swift & Company and the others being 14-¾¢ per pound on 40 lb. basis, which is our price—Storey's price is 2-½% discount from 15¢ which equals $14.62½ per cwt. less 2% cash.

There is the price which I think Ruff meant, in other words they are 12-½% per cwt. less than we are to the Big Four packers but I believe for the present at least we can get 12½¢ per cwt. more for our paper. What do you think?

EXHIBIT P83A

House Letter. Jan. 16, 1928. Cox to Cashmore.

Attached is mailing dated Jan. 9th from the above concern which Mr. S. W. Jones was good enough to send me.

P. S. For your information I am attaching a couple of additional samples of Story Parchment.

EXHIBIT P83B

Letter. January 16, 1928. Cox to Jones.

Acknowledging your letter of Jan. 14th, I will be very glad indeed to see you at the office here next Saturday morning. I might mention that Mr. Cashmore who had intended being here early this month has not put in an appearance as yet, and I have no knowledge now as to when he will be here. Come to think of it we did have word that he very probably will be here the latter part of week beginning Jan. 22nd. If I get more definite information on this later in the week, I will let you know on the chance you might want to postpone your trip here until the following Saturday, when Mr. Cashmore might be present.

We are pleased to receive your order from Emil Nohre Company, which is being sent to Passaic today.

Thanks for the Story Parchment mailing, which you enclosed. It is very interesting. We are sending this on to Mr. Cashmore.

EXHIBIT P332

House Letter. Jan. 16, 1928. Cox to Mayer.

Thanks very much for your letter of Jan. 13th. I am inclined to think there is some misunderstanding regarding Story's roll price, and that their 1-½ cent reduction on this item represents our previous reduction of ½¢ on rolls and our later reduction of 1¢ on paper.

In any event, we anticipate plenty of price cutting and trickery on the part of Story. I still think it would be an excellent thing if we could meet with their principals and have a frank discussion. With this in mind when I talked with Mr. Koch the other day, he said that Mr. Ezra Levin wanted to be remembered to me and I asked him to carry back word to Ezra to be sure and visit me the next time he is in Chicago.

If Mr. Levin should turn up I will make the most of my opportunity to try and find out how they intend to proceed. As he always does an unlimited amount of talking, and as he has great confidence in me, I think perhaps I can get something out of him.

EXHIBIT P97

House Letter. Jan. 16, 1928. Cox to Cashmore.

Attached is mailing dated Jan. 9th from the above concern, which Mr. S. W. Jones was good enough to send me.

P. S. For your informaion I am attaching a couple of additional samples of Story Parchment.

EXHIBIT P80

House Letter. Jan. 16th, 1928. Paterson to Cox.

Have yours of the 12th in re Story Parchment Company and terms they are offering in the stockyards.

In making their trade discount to the packers of 2½% instead of 25¢ per cwt. as we do, they are somewhat better than we, though hardly enough, I think, to make any great difference.

I shall be glad to hear of the situation as it fully develops.

EXHIBIT K26

Letter . Jan. 17, 1928. Drummond to Southon.

When I called on the Kansas City Paper House yesterday I had a hunch there was something I ought to find out so I asked Mr. Stern out to lunch today, and Mr. Stern told of how he got the K. C. Paper House to take over the Story Parchment Co. line and they will get a commission so they can sell the other Jobbers and the Packers. He says they already have the promise of Swift's business in K. C. & St. Joseph. All the Carpenter Houses are going to handle Story Parchment.

They have seven Jobber concerns in the United States besides their salesman in Chicago, of course they count the Carpenter Houses as one Jobber. They have a Jobber in Detroit, one in New York also one on the West Coast.

Mr. Stern seems to think he put over a big thing and sure blowed about what he is going to do, and I let him talk his head off. I am glad to have the information, because I will know what to look out for.

P. S. Zeller is represent them on the west coast.

EXHIBIT K31

Letter. Jan. 17, 1928. Kindleberger to Greenlee.

You feel about as I feel about the Story Parchment Company—that they are going to give us more or less amusement for the entire year.

Of course, as we all know, "A new broom sweeps clean" but the old broom knows where the dirt lies. They must say some-

thing. There is nothing else to say except to talk about quality, and any buyer with a grain of sense knows this is all "bunk" anyhow.

With the reduction of the price, which we made the first of the month, the Parchment Division will do well to show any profit. So you can readily see about what is going to happen to Story with all their inefficiency, location, etc.

For the next year or two there will be more or less disturbance, but our big job is to keep our pants on, keep a cool head, don't get excited, keep on doing the right thing, and trust all the rest of it to Kind Providence.

P. S. Your proxy for the Stockholders Meeting duly received and it shall be voted for the best interest of the Company.

EXHIBIT K206

Letter. Jan. 17, 1928. Southon to Dohan.

After further correspondence with our Chicago representative, we find that the South American countries in which they are interested are the Argentine, Brazil, and Uraguay.

Will you please ascertain for me what the import duty is on Vegetable Parchment to these three countries?

EXHIBIT K207

Letter. January 17, 1928. Dohan to Southon.

Your January 12th letter received in the matter of parchment duty.

If you cannot get all the information you want, do not hesitate to let me know, and I will be very glad indeed to find out what I can for you but in making the inquiry be as specific as possible.

EXHIBIT P81

House Letter. Jan. 17, 1928. Cox to Cashmore.

You will remember that the R. S. Hanchett Paper Company, Chicago were after us from time to time for a 5% inside so that they might sell the celery packers here at wholesale. We turned down all such requests.

Mr. Hanchett is now hooked up with Story and is offering the celery packers wholesale in any quantity. Mr. Gubbins tracked all this down today and was successful in getting a ton order from G. H. Cross, whose business we have not had for a long time.

I have no doubt that Hanchett carrying stock of the celery sizes and offering any quantity at wholesale will succeed in book-

ing more or less business. Even in such cases as this G. H. Cross who was willing to give Mr. Gubbins this ton order this morning. With Hanchett's arrangement Cross could avoid carrying stock and get a bale at a time on an hour's notice. Fortunately Hanchett operates in a comparatively small section of Chicago but it seems certain to me that if Story will give him an inside price I suppose it is 5%, they will do the same with other jobbers.

EXHIBIT K186

Letter. January 18, 1928. Kindleberger to Dear Miles (Moyer).

You are perfectly right in your analysis of the Chicago situation. If we can't get a few cents more for our paper than a new comer in the field with a questionable sheet, then there is surely something wrong.

I don't believe we should be too hasty to meet every new price that we hear about or the first thing we know we will be all beating our way to the poorhouse. Prices on Parchment now, as I figure it, are bottom rock. It is going to mean strict economy saving every penny in order to keep our heads above water.

I think if ever a stiff backbone was needed, now is the time. Let's not show by word or action or looks that we are scared a bit. I am instructing Greenlee not to talk about Story. Listen respectfully, and then talk about the paper he is selling.

I rather think perhaps this policy will be just as good as any.

I thank you for writing me.

EXHIBIT P82

Letter. Jan. 18th, 1928. Smith to Cashmore and Mayer.

The writer called on Mr. Gould of the Gould Levy Co of this city at his office to-day and was, of course, informed that there was a new parchment mill. During my interview they showed me a letter received from our new competitor which stated that their sheet, when wet, was stronger than any sheet on the market and that they where in a position to furnish printing that could be equalled by no other mill.

It also stated that their policy was to do business with the paper jobber and thru them take the business for the consumers. In other words they would not solicit any business from consumers. It was impossible to secure either the original or copy of this letter. Also called on Mr. Dennis of the Louisville Paper Co to-day who informed me that a Mr. Frank of the new parchment mill had called at their office and offered them an inside price of 5%.

This, in my opinion is absolutely straight, as Dennis, who is a personal friend of mine would not have given me this information unless it had been offered him.
They have not ordered any of this paper as their requirements are small due to their being in the fine paper business. We have in the secured all of their parchment business.
This is for your information.
P. S. When can we expect new price lists.
Copy to Mr. Pratt.

EXHIBIT P83
Letter. Jan. 18th, 1928. Cashmore to Cox.
I have yours of the 18th and am glad to have the propoganda and sample of the Story Parchment Company as forwarded to you by Mr. Jones.
We will use some of their samples to test out their statement that it is stronger wet and dry than ours and will also test the inks appearing on the sample.
In your acknowledgement to Mr. Jones I note that you have some feeling that I am to be in Chicago the latter part of the week beginning January 2nd. There is nothing definite on this, at the present time, so cannot say for sure just when I will be there. The affair I had expected at Toledo has been called off so unless something more important arises, I shall defer the trip. When I plan to come, I will let you know in plenty of time so that if Mr. Jones is planning to see me, he can arrange his visit to Chicago accordingly.

EXHIBIT S4
Letter. January 18, 1928. Koch to Osman.
Referring to previous correspondence, and confirming the writer's conversation with you today, we are giving you below, a list of our current basis prices on STORY GENUINE VEGETABLE PARCHMENT:

50 lb. basis 15¢ per lb.
40 lb. basis 15¢ per lb.
30 lb. basis 15½¢ per lb.
25 lb. basis 18½¢ per lb.

The above prices apply on either sheets or rolls, and are subject to the usual differentials for size and quantity. These prices are F.O.B. our Mill at Trenton, Mich., with full freight allowed on shipments of 300 lbs. or over, to points East of the Mississippi River and North of the Ohio River. To points West of the Mississippi River, freight will be allowed as far as St. Louis.

Points East of the Mississippi and South of the Ohio River, Chicago freight will be allowed. Terms are 2% 10 days, 30 days net from date of invoice.

As the writer advised you this morning, we are prepared to offer your members a trade discount of 2½% on the above prices, on all orders received through the Institute Equipment & Supply Co. We believe this discount will place you in position to offer your members service on Genuine Vegetable Parchment Paper, and trust it will be the means of building up a profitable business both for your members and ourselves.

Since the recent improvement in the quality of our paper, we believe you will agree with us that it is, indeed, the Superlative Vegetable Parchment. The qualities which make it so, are thorough parchmentizing, greater grease resistance and greater strength, both dry and wet, than is obtainable in any other Vegetable Parchment. Our tests indicated all of these claims to be easily substantiated, and you need have no hesitancy in offering your members STORY VEGETABLE PARCHMENT with your fullest recommendation.

We are also equipped to do exceptional high grade printing in colors, using special inks made according to our own formulas. We will furnish you shortly with printed price lists, giving full information as to printing prices, trade customs, differentials, etc.

At the same time, we will furnish samples in both 30 lb. and 40 lb. basis, all of which we hope to have in your hands in time for mailing with your bulletin the latter part of this week.

In conclusion, permit us to assure you of our ever cordial feeling toward your Company, and toward Mr. Osman personally, both on behalf of our Company and the writer. We trust that the relations we are about to establish will be long continued and mutually satisfactory.

EXHIBIT P84

House Letter. Jan. 19th, 1928. Paterson to Cox.

This will acknowledge yours of the 17th in re Story Parchment Company's arrangement with R. S. Hanchett Paper Company.

This verifies their regular policy of offering 5% under our price to break into the trade and will, no doubt, interest some jobbers from whom we may expect pressure to meet a similar arrangement and which, no doubt, will cause considerable competition this coming year.

Were we to give 5% to all of our jobbers, they would go 5% better so it seems wise to me, at this time, to stand pat on our arrangements and await the outcome.

I trust it will not make any serious inroads into your Chicago business.

EXHIBIT K27

Letter. Jan. 20, 1928. Southon to Drummond.

We have your very interesting letter of Jan. 17th regarding your visit with Mr. Stern of the Kansas City Paper Co.

We understood that they were going to take over the Story line but we did not know that they would be put in a position to sell to the other jobbers. If this is the case, I am inclined to believe that you will find the jobbers feeling better than ever toward us for if there is anything that antagonizes the jobber, it is to have a manufacturer put another jobber in a position to sell jobbers.

All jobbers like to feel that they are on an equal basis and able to buy from the manufacturers direct, so I am very much inclined to believe that the Story Parchment Co. will not find this policy a very helpful one.

In your postcript you said that Zeller was to represent them on the Western Coast? By this do you mean Zellerbach? Or do you refer to some individual?

Our friends are doing a lot of talking but it does not worry us one little bit and I am sure if you continue to work as you have in the past, that you will find we have just as many good friends as we ever had and that we will continue to do as much business and possibly more, than we ever have before.

Drummond to "Dear Doc."

I am sure he ment Zellerback. Can we ship sheets in bundles? wax paper plain or stock design.

EXHIBIT K52

Letter. Jan. 21st, 1928. Greenlee to Southon.

Wilson & Co., Chicago, Illinois, 30 lb. Genuine Vegetable Parchment versus 40 lb. Grease-proof Paper.

The above have been considering the adoption of 30 lb GENUINE Vegetable Parchment for wrapping their Easter Hams and Bacon as against 40 lb. Grease-proof paper, which they have used for years.

Mr. Kennedy of their Package & Supply Department just conducted a test, using the Story Parchment Co.'s 30 lb. GENUINE Vegetable Parchment, and the Hartford City Paper Co.'s 40 lb. Grease-proof paper.

Mr. Kennedy told me that they wrapped 11 Skinned Hams each with the Parchment and the Grease-proof paper, and that the grease penetration was bad on the Parchment, as in every instance the grease penetrated readily, and as a result Wilson & Co. are going to continue to use 40 lb. Grease-proof paper for their Easter Hams and Bacon.

The writer took Mr. & Mrs. Koenig to Theatre last evening and Mr. Koenig was telling me what a wonderful sheet of Parchment Mr. Koch was handling.

He said that Mr. Koch had spent more than three hours, telling him how good their paper was and he cited this test at Wilson & Co., but he told me that Mr. Koch told him that in every instance the Story Parchment Co.'s 30 lb. Parchment held up better than the 40 lb. Grease-proof paper.

I told Mr. Koenig that this was just the opposite of what Mr. Kennedy told me, so this morning I was talking with Mr. Kennedy and he verified the information that he had given me in the first place.

Mr. Kennedy now wants to conduct another test and wants to use our 30 lb. GENUINE Vegetable Parchment; Story's 30 lb. GENUINE Vegetable Parchment and the Hartford City Paper Co.'s 40 lb. Grease-proof paper.

Mr. Kennedy wants me to send him 50 sheets of our 30 lb. GENUINE Vegetable Parchment in sheets size 26 x 28.

Won't you please get these samples to me just as soon as you can and I will see that they are delivered in person to Mr. Kennedy and properly punched for identification, so that there will be no possibility of a mixup or confusion when the test is completed.

Mr. Koch is showing every one a Laboratory Report comparing the Story Parchment Co.'s Parchment with our Parchment and both Mr. Koenig and Mr. Kennedy told me that the report made our paper show up bad indeed.

These gentlemen could not give me a copy of the report, but Mr. Koenig stated that it made some mention about the Ash Content of one paper versus that of the other.

I have never been familiar with the Ash Content of our paper. What is there to it?

Mr. Koch has told some of the Buyers that theirs is an all rag sheet, but he told Mr. Koenig that they had perfected a new process for making GENUINE Vegetable Parchment which made it unnecessary for them to use rags. What do you know about that?

Mr. Koch is sure going after the Kalamazoo Vegetable Parchment Co., possibly figuring that we are the strongest here, and that by knocking us, he will gain more.

All I can say is if Mr. Koch worked just half as hard to sell when he was with the Hartford City Paper Co. as he is now trying to sell Story's Parchment, I doubt if he would have ever had occasion of making a change in "jobs."

Awaiting samples.

EXHIBIT K182

Letter. Jan. 21, 1928. Kindleberger to Greenlee.

We have known for some little while the amount of Clover Bloom wrappers West Carrollton were printing. I was down there one day and it seemed like the whole bloomin' place was full of Clover Bloom wrappers.

We hear of a lot of these things outside, but we don't mention them because we don't think it good taste. I think you are getting a good share of Armour's business and personally I don't believe it best to be too much of a "pig" and want it all. It always reacts on a man.

Get all you can and be grateful for everything that you get. This, after all, I believe to be the best method to pursue.

We will be delighted to put Mr. Gossman on the mailing list. I don't see how in the world he ever got off. So Mr. Gossmann, Mgr. of the Armour Creameries, Louisville, Kentucky, will be on the list in the next few minutes and will also receive our last several letters with our personal blessings going with every letter.

EXHIBIT S22

Letter. Jan. 22, 1928. Atlanta Paper Co. to Story.

Your letter of the 9th, in reference to Vegatable Parchment, we buy this paper in considerable quantities from time to time, and would be interested in knowing your price in car lots and less than car lots, also your charges for printing.

Appreciate hearing from you at your convenience, and would say that we will not be in position to place any specifications

before about March 1st, this will give you plenty of time to get together whatever information you would like to send us, and would like to have it at your convenience.

EXHIBIT K-33

Letter. Jan. 23rd, 1928. Greenlee to Kindleberger.

Accompanying this letter is a letter which I dictated Saturday, the 21st, on the subject of "Story Parchment Co., Trenton, Mich." I want you to read that letter before reading this letter, for the contents of this letter are based on thoughts running through my mind all of yesterday.

Now, if our competitor has perfected a process of making GENUINE Vegetable Parchment without the use of rags, why can't we, and why should we continue to cut the price of KVP GENUINE Vegetable Parchment, a Product containing rags, to meet competition with a sheet that does not contain rags?

It wouldn't look well for us to have KVP GENUINE Vegetable Parchment as our first grade and then have another grade known as No. 2 grade, but why couldn't we furnish a sheet of Parchment that does not contain rags, and equal in every particular to this competitor's sheet, and call it, say "Glendale Parchment"? Possibly, you could make this Glendale Parchment at 1¢ per lb. under the price we are asking for KVP GENUINE Vegetable Parchment, then when anyone wanted to buy on price, let them use the Glendale Parchment, and let's fight with Glendale Parchment and keep the quality and price of KVP GENUINE Vegetable Parchment just where it is, in other words, let's fight with the same implements, as is the custom in fighting a duel.

Let our friendly competitors do the same, but let's keep GENUINE Vegetable Parchment made with rags out of the mire.

As you know, Mr. Gramer, of Swift & Company, has contended right along that if we got our price of 30 lb. GENUINE Vegetable Parchment, down to the cost of 40 lb. Grease-Proof Paper that they might be able to switch, in which case they would use car after car of Parchment paper where they now use Grease-Proof Paper.

Now, for wrapping smoked meats, possibly the Glendale Grade would do just as well, and we could then meet this situation without breaking the price on our regular 30 lb. KVP GENUINE Vegetable Parchment, and which paper would be far superior for Butter and other Moist Food Products.

We have got to meet a rather difficult situation, and it may be that my suggestion may be of value in assisting you to meet it.

EXHIBIT K-28-B

Letter. Jan. 23, 1928. Koch to Carlisle.

As you will note from this letterhead, I am now representing in Chicago the Story Parchment Company, of Trenton, Mich., having recently severed my connection with the Hartford City Paper Co.

In my new capacity, I am selling STORY VEGETABLE PARCHMENT, a product which in my opinion represents a tremendous step forward in the manufacture of Vegetable Parchment. I am enclosing samples of our paper in basis 24 x 36–30 lb. and 40-lb., and ask that you test these samples for strength, both wet and dry, greaseproof qualities, or in any other manner you choose. The result of your tests will prove to you, as it has to me, that STORY VEGETABLE PARCHMENT is, indeed, the Superlative Vegetable Parchment.

At the earliest possible moment I will call on you personally, but in the meantime I am taking this means of acquainting you with my new connection, and with the high-grade product I am selling. Should you have occasion in the meantime to require any information as to prices, deliveries, or other data, it would please me immensely if you would call my office — STAte 8337— or drop me a line. I am anxious to quote on your requirements and hope I may have an opportunity of doing so.

In the meantime, please accept my thanks for the courtesies extended me in my former connection, and my assurance that I shall be in position to handle your needs in my new line with everything necessary in the way of price, quality and service.

EXHIBIT K32

Letter. Jan. 23rd, 1928. Greenlee to Kindleberger.

Replying to your letter of January 17th with reference to the above subject.

Your quotation that, "A new broom sweeps clean, but the old broom knows where the dirt lies" is very appropriate in this instance.

Mr. Koch has done more talking in the last two weeks boosting the Story Parchment Co. than he has done in the last 5 years boosting the Hartford City Paper Co.

In boosting his product, he is knocking our Product and as mentioned in another letter I am writing you today, he is not at all times sticking to the "truth."

I am attaching hereto an announcement sent out by Mr. Osman, Manager of the Institute of American Meat Packers, Department of Purchasing Practice, calling a meeting of the Committee, for Thursday, January 19th at 1:30 PM.

All Members of the Committee shown on this announcement, excepting Mr. Franklin of the Allied Packers Inc. and Mr. Vanous of T. M. Sinclair & Co., Cedar Rapids, Iowa, were present.

At about 5:30 PM Thursday, we knew all about the Meeting and we have also had it confirmed.

Next Saturday, one week from today, the Institute will send out a Bulletin to all Members, advising that arrangements have been made, whereby GENUINE Vegetable Parchment can be supplied them at a special price and to send in their orders, or write for information.

The information is that any orders placed with the Story Parchment Co., thru the Institute will be entitled to a special 2-½% Trade Discount from the wholesale list price on Plain Stock.

The shipments will be invoiced at the list price and the 2-½% will be deducted in remitting, and in addition to the cash discount.

The cash discount is deductable after the Trade Discount is taken off and the Trade Discount does not apply to printing.

We were first told that the 2-½% Trade Discount included both the paper and the printing, but we have had this confirmed and it does not cover the printing.

The Institute is not going to mention that it is the Story Parchment Co. that are making this special concession and if we make the same concession, we will stand just as good a show as they do.

This 2-½% Trade Discount means that any little Packer and Member of the Institute who buys 500 lb. of paper every 60 or 90 days is entitled to the same price as the Big Packer who orders possibly two or more cars per month.

With our Big Packers, our ¼¢ per lb. special carload allowance figures 25¢ cwt.

This 2-½% Trade Discount figures the following allowance:

25 lb. Stock	.4625 cwt.
30 lb. Stock	.3875 cwt.
40 lb. Stock	.3750 cwt.
50 lb. Stock	.3750 cwt.

We have always contended that the Big Packers, like Armour & Company, The Cudahy Packing Co., Swift & Co. and Wilson

& Co. were entitled to something special, but with this 2-½% Trade Discount, even our Big Packers will pay more than the little Packer who purchases thru the Institute.

I have made inquiry and found that all four of these Packers attend these Institute Meetings and get all they can from the Institute, but don't give up the information where they get something special.

I don't know just how you are going about combating this 2-½% Trade Discount, but I might suggest that instead of following this practice originating with the Story Parchment Co., that we give these four Big Packers, say — ½¢ per lb. from the wholesale list price, so that at least they would be doing a little better than their competitors — large and small.

Of course, I do not know what the Story Parchment Co. are doing, but Mr. Koch has given it out that he is getting lots of orders, even carload orders, but I am having a dickens of a time of even getting small samples of their paper.

I am attaching hereto a small sample I received yesterday.

As stated in another letter I have written you today, in connection with Wilson & Co., you will note that I mentioned that Mr. Koch told Mr. Koenig that they developed a new process for making Vegetable Parchment Paper, and that it was not necessary for them to use rags.

Now, if you are positive that the Story Parchment Co.'s paper does not contain rags — how would it be for you to make a differential between a rag sheet and a wood sheet?

This might be a good way to combat the situation.

There is not much that I can say or do, for it would look strange for me to go around bragging about our Product when the Trade have been using it for the past ten years without a word of complaint.

It does seem strange that a new firm could start up and at the very beginning come out with such a wonderful sheet — better than any on the market, doesn't it?

Understand that the Story Parchment Co. are giving Kirchheimer Bros. Co. this 2-½% Trade Discount; in fact, I think they are passing it out to almost every one.

Why not let's tell every one that if they are satisfied with a wood sheet, we will give them a Trade Discount of 5%, and will be glad to do it.

You have always told me that you could make a wood sheet cheaper than you could make a rag sheet.

Why do you use rags in GENUINE Vegetable Parchment?
I think I know, but please tell me, so that I can add to my knowledge.

EXHIBIT P-282

Letter. Jan. 23rd, 1928. Cashmore to Dohan.

I am enclosing formal invitation and ticket for the Annual Banquet of the American Paper & Pulp Association, which we are glad to have you use as our guest.
Unless I see you prior to the night of the Banquet, I shall look forward with pleasure to your Company at that time.

EXHIBIT K-70

Letter. January 24, 1928. Spokes of Detroit Testing Laboratory to Story.

Sample from Story Parchment Company 4 Sample of Vegetable Parchment Paper. Customer's Order Ltr. 1-19-28. D. T. L. Order 42301.

	"Story"	X	Y	Z
1. Ream Weight	28.35.	30.51	28.85	29.81
2. Ash	0.158%	0.275%	0.205%	0.243%
3. Mullen test	23.8 lb.	18.4 lb.	21.8 lb.	19.5 lb.

Remarks:

Samples of each of above papers were washed with sterile distilled water and this water examined in each case for total bacteria and fermentation organisms. 48 hour incubations showed each sample free from contamination of bacterial nature.

EXHIBIT K 208 L. W. M.

Letter. January 24, 1928. Dohan to Southon.

In reference to South American tariffs, I am taking up this matter through the Commercial Museum here, which is a Museum or Agency designed to put the domestic industries in touch with foreign countries.
This particular matter is under Mr. Bartlett, who called here a few days ago requesting information. On account of my absence when he called, I am sending this by mail today.
I have advised him that I would request you to forward to him direct (as noted below) samples of Vegetable Parchment together with circular matter as to the method in which it is furnished. I would suggest that you send him samples of 30 and 40, or such papers as you think would sell in the South American markets together with your general literature. Send him three sets.

In the meantime, I will keep in touch with him and advise you further.

EXHIBIT K53

Letter. Jan. 24, 1928. Kindleberger to Greenlee.

I have your two letters concerning all the happenings of the day with our new competition.

It is just a little bit early yet in the game to do very much. It will take a couple of months to properly put our house in order to absorb the loss from the reduction we just made.

Yes, we can make an all wood sheet and make it a darned sight better and cheaper than Story can make it. But the question in our mind is this, "Shall we, or shall we not?" To run two grades through our Parchment Division increases the cost of manufacturing and gets things pretty well bawled up.

It will not be very long anyhow until either the wood sheet will absorb the rag sheet or the tonnage will be so small that it wouldn't pay us to do it at all.

I think it would be a good thing to wait a little while to see how Story is going to fare with their policies, whether they will be able to satisfy customers both in price and in quality. If they fail in this, then it would be folly for us to meet them at this time.

Our first inclination was to meet the situation as we found it, but after thinking it over we concluded that it would be cutting our own nose off or pulling our house down upon us, and it surely will mean chaos and a loss of money to us.

We think we have done pretty well to reduce our price now to where it will show hardly any profit. To treat all customers alike and not give one a lower price than another seems to me would be the best policy for us to pursue.

We are open to anything you have to offer and will think it over carefully from all angles, but I assure you that I wouldn't care to see a good business all "shot to Hell" in a month or two when it took eighteen years to build it up.

Just because a little competitor comes in the field, should that little competitor set the pace for all of us?

These are the questions that are running through our mind. So you can see that we are thinking hard, and don't get impatient with us if we don't immediately jump at your suggestions, as we are trying to be conservative and cautious in the whole matter.

It is a dead sure cinch that they are going to get some business no matter what the prices are or what the conditions are. We

can't prevent them. If you do too much against them, you are going to incur the ill will of the buyers and that too will react upon you.

It may be the best policy to hold firm for a while and let them shoot off all their ammunition, and after the fireworks and the hot-air cyclones, there may be peace.

In the meantime, we are not asleep on the job regarding an all wood sheet, and we also will consider your suggestions.

EXHIBIT P-283

Letter. January 24, 1928. Dohan to Cashmore.

Your January 23d letter received enclosing invitation to the banquet of the American Paper & Pulp.

It gives me great pleasure to accept your kind invitation to be your guest, and I look forward to it with pleasure. If anything should bob up in the meantime to take me West, I will try to give you the longest possible notice.

EXHIBIT P-85

Letter. January 24, 1928. Cox to Cashmore.

Talking with Mr. Koch of Story Parchment Company today he complimented us by saying he finds as he gets around the trade that people using our parchment talk very highly of it and are not at all inclined to consider changing to some other make. He said he has not found the same thing when talking to customers of KVP or WCP. He gave the following instance as an example: His New York man sent him a tip on a Chicago concern using a lot of parchment and he immediately followed this up. The buyer asked him what he had to offer and he said what he considered a very fine sheet of parchment. The buyer asked him the price and he said the same as the other manufacturers — no higher. The buyer then said he had been using our parchment for a long while and he would not be interested in changing to Story or anything else except on a substantial price reduction. Then came what I considered the interesting part. Koch asked the buyer what his yearly requirements were and learned that the total amounted to 16 to 18 M lbs. Koch then said to me that he backed away that he did not have a lot of time to waste on an account of that size.

Now then, we consider a 16M or 18M lb. account worth all the effort we can put on it, and I am wondering if Mr. Koch is dumb enough to consider an account like this too small for his attention. You will remember I told you that he was reported

to have said that he expects to get out of the Stock Yards daily 6M lbs., then later he raised it to 10M lbs. So far as I have been able to learn he has still to sell his first 1,000 lbs. so maybe after all Tommy is going to be in for a lot of disillusionment on this tonnage he is to sell.

By the way Swift & Company definitely advised me that Story's proposition to them is as I reported to you the other day, regular wholesale less 2½%—then less 2% for cash in ten days. We were not asked to meet this, the information was simply given me by Mr. Gramer and he gave no indication that he intended giving Story any business. My recommendation would be to pay no attention whatever to this at least for the present, for I am satisfied that if we broke our prices to meet this figure Story would again clip the price in about the same proportion.

EXHIBIT K34

Letter. Jan. 25, 1928. Kindleberger to Salesmen.

In the last few weeks I have received copies of letters that the Story Parchment Company are broadcasting and also parts of conversation that their men are giving out, and in all my experience of 30 years in the Parchment game, never have I heard so many untruths and so much hot-air shot off as they seem to be doing.

The truth of the whole matter is this: They buy their raw material here in Kalamazoo from one of the big mills. We built our own mill because this same mill could not make waterleaf that was satisfactory to us, that is, it wasn't good enough. That really was the starting of our Mill No. 1.

The writer advised the Directors that he would not care to be connected with the KVP Company unless we could control our raw material and get it as it should be.

Secondly, their Parchment equipment is similar to that of an European Concern which their Superintendent worked for, and they went busted because of the poor quality they turned out.

Thirdly, this company could not use the services of another one of Story's men because he was so unreliable in his remarks and would get us all warmed up about some subject and then we would find there was nothing to it.

Now there really is the whole story of the situation.

As to their selling policy, they are making a big plea to the Jobbing Trade because that is the course of least resistance. Some Jobbers will be roped in in the beginning with some nice plausible talk; but in the end it will be a boomerang.

Next, you are all familiar with the situation throughout the country—everybody buying from hand to mouth, wanting overnight service. We carry constantly 1,500,000 to 2,000,000 lbs. of Parchment Paper on hand continually to give this service. We have more money invested in our inventory than they have in their building, and machinery, and all their borrowed money.

Next, if you are going to experiment with paper, never do it with Vegetable Parchment. There is too much at stake in high priced food products. Our advice would be to caution the buyers to go very slow; also remind them that a new broom always sweeps clean, but just for a fortnight.

Next, the prices on Parchment are as low as it is possible to make them, unless the furnish is changed to a cheap furnish. There is nobody in the world that is better equipped with both machinery and organization than we are to make Parchment Paper and make it at a reasonable price. When we say it is "rock bottom," we know whereof we speak.

If you must say something, follow the outline as given above and leave it go at that, and in that way we can combat to a certain degree the various statements that they are constantly making.

Those jobbers who are faithful to us and trust us with their Parchment Business, compliment them on their judgment. At the end of a few years they will be better off than by leaving the old friends and running off with some new "flapper" whose endurance for "flapping" may be limited.

EXHIBIT S 17.

Letter. January 25, 1928. Story to Atlanta Paper Co.

We were indeed pleased to receive your interesting letter of the 20th. One of the members of our firm will be in to see you in the very near future. We ask that you reserve any business that you may have to offer until we are able to outline our plan.

Our present prices are:

40 lbs.	15¢ per lb.
30 lbs.	15½¢ per lb.
25 lbs.	18½¢ per lb.

Our terms are 2% ten days, net thirty; freight allowed.

If you are able to secure a volume of Vegetable Parchment business, we are in a position to allow you a jobber's discount of 5%. Our new price list, covering everything and including printing prices, will be sent to you within a few days.

We again desire to emphasize the following: We believe that the paper merchant can sell our Pure Vegetable Parchment in competition with the existing mills which sell direct to the consumer. We believe that the superior quality of our product, coupled with the right price, will secure the business for the paper merchant.

The Detroit Testing Laboratories (a concern of thirty years highest standing) submits the following findings:

	Vegetable Parchment Manufacturers			
	X	Y	Z	Story
Ream Weight	30.51	28.85	29.81	28.35
Ash	.275%	.205%	.243%	.158%
Mullen Test	14.7	21.8	15.3	23.8

An ordinary Mullen tester will confirm for you the wet and dry strength of any of the above Vegetable Parchments. A little oil or kerosene, poured over a competitive sheet, will soon show you how greaseproof it is. Our claim of superiority is easily demonstrated to the consumer.

We are looking forward to receiving your orders which will have our very best attention.

EXHIBIT K-28-A

Letter. Jan. 26th, 1928. Greenlee to Kindleberger.

Enclosed please find an original letter, blotter and samples sent to Mr. Carlisle of J. R. Beiersdorf & Bro. under date of Jan .23rd. Mr. Carlisle mailed these papers to me; in fact, he mails me everything he receives which he thinks I would be interested in seeing. Thought you might be interested in seeing this file, which you may retain.

EXHIBIT K37

Letter. Jan. 27, 1928. Kindleberger to Greenlee.

We all had a very good laugh this morning in reading your letters.

There was some general rejoicing around the Sales Table this morning when we learned from your good letters that the Government at Washington still lives.

One of the boys made the remark immediately that, "Jim must have taken a good dose of sauerkraut juice and the special activity of his liver cleared his vision and the big giants on the other side of the fence were not giants at all but the noises they made would make you believe they were real Goliaths."

You remember that story of David and Goliath, the great big, bragging, bluffing giant, who came out every day and had the whole army of Isreal scared stiff. Then finally little David, a shepherd boy, put his light out very, very quickly just because he had courage and was not scared of this big bluffer.

I am very glad you are getting the spirit that little David had.

P. S. Regarding Mr. Koch's letter to J. R. Beiersdorf & Bro., will say that Koch is learning very, very fast. It will not be very many days until Koch will be as good a Hebrew as Mr. Goldman or Mr. Levin. Our best wishes are with them anyway.

EXHIBIT K36

Letter. January 27, 1928. Wood to Kindleberger.

We acknowledge your letter of the 25th, which we have noted very carefully, and are very glad to have the full data that you have given.

Every time that the subject has been brought up by customers, I have simply stated that I knew nothing of the Story Parchment Company, and so far have not found any customers that feel disposed to give them business.

EXHIBIT K35

Letter. Jan. 27th, 1928. Horton to Kindleberger.

This will acknowledge your letter of the 25th giving us some information regarding the Story Parchment Company. We have found that their representative in New York has been very active in visiting the Trade but we have not learned so far of any business which he has secured. I passed your letter both to Mr. Spies and Mr. Salzman for their information and we wish to thank you for having supplied us details.

EXHIBIT K54

Letter. January 27, 1928. Oberley to Kindleberger.

One of my jobber friends advised me today that Ezra Levin is in town and he told him that we did not know how to make parchment and a lot of other things. They are quoting the jobbers the regular wholesale prices less 5%. I do not know how far he will get with some of my customers but will keep you posted.

EXHIBIT P86

House Letter. Jan. 27th, 1928. Paterson to Cox.

Am glad to have yours of the 24th with reference to your talk with Mr. Koch of the Story Parchment.

We are glad to have his reaction on the hold our paper has on the trade and hope he will continue to turn down orders of 16,000 lbs. to 18,000 lbs. on which we thrive.

Note that Swift has advised you of Story's proposition as outlined in a previous letter and trust that no pressure will be brought to bear to meet the situation for I agree with you that should this be met by us, Story will still go further leaving the situation just as it is,

EXHIBIT 284

Letter. Jan. 27th, 1928. Cashmore to Dohan.

Thank you for forwarding clipping taken from the Wall Street Journal of January 23rd with reference to the United States Freight Company and their service in this locality.

We are using a similar service in New York but do not realize the savings that are expected to be realized from this particular Company.

We are glad to have the clipping and will use same in our Traffic Department to investigate, and thank you for your interest.

EXHIBIT K188

Letter. January 28, 1928. Miles to Dear Jake (Moyer to Kindleberger).

Your letter advising that your Chicago representative is getting impatient and excited received. For the life of me I can't see why the salesmen should get so worked up. Their job, I think, is to sell the paper if at all possible and let the mill worry about the price, competition, etc. So far we have not felt the effect of Story in the Yards. That is, I mean by losing any business direct to them. In fact I was in Chicago two days last week and as near as I could check up they really so far have received no orders worth mentioning. From several different people I met drew the following conclusions; (which of course may be all changed by today). That Swift & Company were not interested or paying any attention to this new concern. Their chances with Armour are somewhat better in view of the fact that Mr. Cook is representing them, a former Armour buyer. At Cudahy's it of course goes without saying that Mr. Ruff will play this new mill to the limit against our salesmen.

In St Louis earlier this week I found Mr. Goldmann of the Story Company had been there spreading a little propaganda among the jobbers and consumers saying the old line Parchment manufacturers had seen their best days. He stated that none of us were able to run over 100 feet per minute, our machines were short and antiquated, that their machine, as I remember, measured 198 feet long on which they could run 300 feet per minute and it made no difference whether they were running 25 pound paper or 50 pound paper, they maintained the same speed. As usual, the jobbers fell for the bunk and wanted to know where we were going to get off, especially when we could only run 100 feet per minute and this new concern could run 300 feet with a 110 inch machine against our 80. My reply was that in my opinion they should worry about selling the paper, leaving it up to the mills to meet the matter of speed, production and price.

Of course, its absurd for Story to say that none of us can run over 100 feet a minute, we do very much better and I know full well not only yourselves but Paterson do also, and the 110 inch machine they are talking about is not the only Parchmentizing machine of that width on the market. If my memory serves me right you have either a 110 inch or 120 inch Parchmentizing machine.

To sum it all up I quite agree with you, let our salesmen sell the paper at the prices we give them and let the worry as to production and the kind of paper up to the mills. However, right along this line I am very much inclined to think that Story will make his Waterleaf with a certain percentage of rags. My reason for this statement is that early in the week Howard Chaney of the Chaney Pulp & Paper Company called me up saying that he had sold Bryant rag pulp for Story Waterleaf. So the chances are they are trying to meet our sheet. Let them go to it, let them measure up to our standard not us down to theirs.

Our Mr. Moody, just like your own Chicago representative, is doing everything to keep in touch with the situation. So far he feels there is nothing alarming, he also feels that the present manufacturers stand much better than the new concern and that their sheet will have to be proven before they can actually go in on big tonnage. A rumor went around last week that Story had obtained a carload from a certain packer. We believed it at first, but in checking up believe it was just a rumor and no straight car of printed Parchment had been actually placed.

Furthermore I understand these people have no printing department but expect to ship most of their stock into Chicago and have the Traver Paper Company do their printing. That, I am inclined to think, will be a rather unsatisfactory arrangement.
I don't want to burden you with a long letter, but this morning a manufacturer of machinery in our valley called and handed me the attached report from Dun on the new Parchment Company. They wanted to buy a machine from this party and he asked my opinion of their standing as based on this report. At a glance I can't see where it's so very good. For instance in Assets, Cash in Bank, Accounts Receivable, etc. they have about $85,000.00. Now just overlook their permanent assets and deferred expenses and go on down to Liabilities, you will notice they have Accounts and Notes Payable amounting to about $78,000.00, and evidently a mortgage called the Land Contract running around $12,000.00. These two items show they owe something over $90,000.00 which is offset by a credit of $85,000.00. Of course these figures are rough, but it is about what they amount to. Furthermore, look down in the General Information column where Dun says these people are operating and doing an active business. Now turn back to their Accounts Receivable, which naturally will show the sales of their manufactured product, amounting to $487.00, then look at the raw material on inventory running around $2,000.00. How can they be doing an active business when these two items are so low? Under the Liabilities, Accounts Payable $70,000.00, one would naturally think this represented raw material to be used in manufacturing, but with an inventory of $2,000.00 you can only draw the conclusion, the Accounts Payable represents machinery. But enough of this, you can read it better than I, I just passed on a few thoughts that came to my mind.
In conclusion I think for the present we should make no new sheet, but follow your advice to go out and peddle our stuff. Let the other fellow do the same, we don't have to meet every wild rumor on price that may come up, probably seventy-five percent of what the salesmen will hear along this line is not true. Also was told you are going to make Greaseproof and Glassine —More power to you.—Wondered years ago why you did not!

EXHIBIT K 56-A

Letter. Jan. 28, 1928. Kindleberger to Greenlee.

Enclosed find the analysis of the last Story Parchment you sent in with your letter of the 26th.

Look this over and use it if you wish with any of your customers, but it is the true situation. One thing about Dr. Des Autels, we always get the truth from him, and when you get the truth you know exactly where you are at.

EXHIBIT K56-B

Letter. January 28, 1928. DesAutels to Kindleberger.

ANALYSIS OF STORY'S 40 LB. LARD LINER PARCHMENT

Greenlee's letter January 26, 1928

	Story	KVP 40 lb. Special Lard Liner Parchment Tested Samples		Standard
Basis Weight	37.0 lbs.			40 lb.
Burst				
Dry—	30.2	29.7		27.2
Wet—	15.8	21.8		
Ratio — Wet / Dry	0.523	0.735		
Tear:				
Machine Direction	19.0	23.0		28.3
Cross Direction	21.0	25.0		29.2
Fiber Analysis:	All Sulphite; trace of rag (less than 5%)			
Greaseproofness	Perfect	Perfect		Perfect

Comments:

(1) Story's sheet seems a little more brittle than ours.

(2) It has more the appearance of our Lard Liner than any other samples of their paper we have seen.

(3) Our paper is stronger, both in tearing strength and burst and shows less decrease in burst when wet.

(4) Story's sheet looks to us as if the stock for the Waterleaf may have been beaten longer than usual

Greenlee's letter is returned attached.

EXHIBIT K 57-B

Letter. Jan. 28, 1928. E. C. Troll's report to Greenlee.

COPY

Roy Hanchett is representing Story Parchment Co. on South Water Market. I saw one of Story Parchment Co.'s invoices for 500 lbs. of Parchment at 15½¢ lb. invoiced to McKernan Celery Co. He sees no use in ordering more than a bale at a

time if he can get the same price as on a ton. Told me we could ship him 500 lbs. 24 x 36 at this price at once, but to let him know if we did not want the order, so he could place it elsewhere. Moody also has been selling Parchment to the Celery Packers in less than ton lots at the ton price. McKernan says that is the reason Kalamazoo is losing out with the Celery Packers, because we have been too arbitrary in our rulings. Shall we turn this order back to him.

Coppersmith is also buying his paper in 500 lb. lots and Middendorf also.

EXHIBIT K-55

Letter. Jan. 30, 1928. Kindleberger to Oberley.

I was more than delighted to get the information contained in your letter of the 27th and I want to thank Ezra Levin from the bottom of my heart for conveying the information to us, even through a third party, that we do not know how to make Parchment.

We will get busy right away and find out, and I am sure we will be able to learn how to do it.

My personal opinion is that Ezra, talking the way he is, will do himself a lot of harm that it will take him years to make right.

EXHIBIT K 57-A

Letter. Jan. 30, 1928. Greenlee to Southon.

We are attaching hereto a copy of Mr. Troll's report with reference to the above mentioned subject, and would appreciate it if after reviewing same, you will advise us just what we shall tell Mr. Troll.

EXHIBIT K209

Letter. Jan. 31, 1928. Dohan to Southon.

I received copy of your January 26th letter to Commercial Museum.

You did not state, as I suggested in my letter, what countries you desire to export to.

Mr. Bartlett called here today in my absence and left the following memorandum, all of which is plain except that referring to Uruguay. If, however, you will give me the names of the countries, I will be glad to check this up:

ARGENTINE: 25% ad valorem.
BRAZIL: 100 to 200 Reis per Kilo.
If plain unglazed paper, 100 Reis or 5¼¢;
If classed as printing paper plain unglazed 200 Reis or 10 4-5¢.
URUGUAY: 31% plus 14% ad valorem and valuation of 20 Centavos per Kilo.

EXHIBIT K60

Letter. Jan. 31, 1928. Greenlee to Kindleberger.

Whenever I hear any news items pertaining to our competitor, the Story Parchment Co., I will continue to write you merely so that you will be posted.

Mr. Eaton made his weekly call on the Bowman Dairy Co. this morning and Mr. Bremner told him that just yesterday he received a visit from the entire Story Parchment Co., the visitors being Messrs. Koch, Levin and Goldman.

They quoted Mr. Bremner the regular wholesale price and in million sheet quantities — printed, they quoted the regular price; namely, 18¢ per M.

Mr. Bremner then told them that these million sheets would have to be printed with four different copies, and they then told him that inasmuch as they quoted, they would stick by their quotation.

Mr. Bremner said that he told them that he was not interested now, but to come back in 30 days, and stated that if at that time they then agreed to furnish 250-M each of the four copies at the million sheet printing price, we may have to meet it.

They told Mr. Bremner that their Product had more rags in it than any other Product on the market, and I imagine what these three gentlemen didn't tell Mr. Bremner was not worth telling.

The Bowman Dairy Co. have been one of our steady customers for the past 12 years, and I don't think we need fear losing their business, unless the new outfit makes them some special concession in price.

This for your information.

EXHIBIT K-59

Letter. Jan. 31, 1928. Greenlee to Kindleberger.

Representative of the Story Parchment Co. called on the Union Bag and Paper Co. yesterday.

They quoted the regular wholesale price, but left the thought that prices might be lower before a great while.
In other words, that something special might be doing.
This for your information.
P. S. Of all of the rumors I have heard, I haven't positive evidence of but one order being placed with the Story Parchment Co., and that is, the Oscar Mayer car that I have just written you about.

EXHIBIT K58
Letter. Jan. 31, 1928. Greenlee to Kindleberger.
When Mr. Eaton made his weekly call on Mr. Osman of the Institute this morning, Mr. Osman showed him an order he had just received from Oscar Mayer & Co. for a straight carload of 30 lbs. GENUINE Vegetable Parchment, part for shipment to Madison, and part for shipment to Chicago, all to be Plain and in three sizes.
Mr. Osman told Mr. Eaton to tell me that it broke his heart not to be able to place this order with me, but what could he do?
The order came to Mr. Osman and no Product was mentioned as the Trade don't know the name of the manufacturer making this special price, but by placing this order thru Mr. Osman are saving $150.00.
Not wishing any one any bad luck, but I only hope that the Parchment furnished on this order proves to be as brittle and void of strength as the samples of Story's Lard Liner Parchment just mailed you attached to another letter.
The notice was sent out by the Institute last Friday, the 27th, notifying all of the Members of the Institute that they would be entitled to a Trade Discount of 2-½%.
Will you please acknowledge?

EXHIBIT K-61
Letter. Feb. 1, 1928. Kindleberger to Greenlee.
As to the remark that one of the Story Salesmen made to the Union Bag and Paper Company that there might be a lower price on Parchment Paper, things would have to change considerably in the line of reduced wages, salaries, and also raw material before we could drop our prices any more.
It doesn't look so very "rosie" just now for this Division, and we absolutely will not run any Department at a loss when we know it, at least not for any length of time.

I just heard this morning, from a reliable source, that the furnish for waterleaf that is being sold to Story for making their Parchment consists of some old ledger papers that contain rag, No. 1 Burgess Sulphite, and some cotton linters.
This furnish is very unreliable. You may get a good sheet out of it today, but tomorrow it may be all wrong.
So, if this is their furnish and they keep this furnish, they will have more or less complaint on their product. After some of the buyers purchase from them and have some unpleasant experiences, we then again will be able to glide along more smoothly.

EXHIBIT K-62
Letter. Feb. 1, 1928. Kindleberger to Greenlee.
I have about eight letters on my desk before me from different men all telling the story of Story Parchment, and I am beginning to wonder if there is anybody on earth having as much fun as we are. There is no monotony these days in our business.
So you see, we have a great deal to be thankful for because our time and attention and amusement is all centered on our bluffing competitor.
I don't know what else to say except to keep on doing the best you can, and the long rope they have to their calf is going to hang the calf as sure as shootin'.
Let's wait and see. Keep us informed.

EXHIBIT K190
Letter. Feb. 1, 1928. Kindleberger to Dear Miles (Moyer).
I just talked to one of our Superintendents who is closely related to one of the Bryant Paper Company's Chemists or Engineers, and he informed him that the furnish they are now using for the Story Parchment Company is 600 lbs. Borgess No. 1 Pulp and 400 lbs. of linters or rag pulp, and, the balance old ledger papers.
My comment on this furnish would be that it is a furnish that will give you quite a variation in waterleaf. It may be good today and bad tomorrow. Also, it will give you a very brittle sheet. The linters can be spoiled very easily in the beaters and old papers are varying all the time.
Where old papers are used, there is always a peculiar smell or odor to the paper, and I have never seen two runs that were alike.
We bought waterleaf from Bryant, but we were so disgusted with the variation we were getting all the time that we built

our own Mill. Since we have been making our own waterleaf our constant aim has been to make it better instead of make it cheaper. I attribute our success in the Parchment Business to a uniform sheet more than anything else.
Constant uniformity on a satisfactory sheet is the basis for building up a permanent business. That is one of the reasons why I have been so eager for you to tie your wagon to our star and get a uniform sheet constantly. In the end, I am sure it will be more profitable and more satisfactory.
P. S. Just received a letter from Jim Greenlee stating that Oscar Mayer gave Story a carload order for both plain and printed Parchment. I think what we will find in the end is that most of the Hebrews in the business will flock to their own. You can't change the laws of the Universe and "Birds of a feather will flock together."

EXHIBIT K189
Letter. Feb. 1, 1928. Kindleberger to Dear Miles (Moyer).
I thank you for the information received in your letter of the 28th.
I wonder if it would be possible to get an up-to-date report from either Dunn or Bradstreet. This would give us some real information that would undoubtedly be good for us.
Any statement dating back as far as this one (Dec. 5, 1927) isn't of a great deal of value. A new statement, right up-to-date would be very interesting reading indeed.
If you happen to be able to get one like this, I wish you would let me know of it.

EXHIBIT P87
House Letter. Feb. 1, 1928. Cox to Cashmore.
Attached is letter dated Jan. 31st from Mr. Fred C. Parsons and I am acknowledging it as per copy of my letter attached. Evidently Story Parchment Company are putting out some very good samples judging from how they tested with Fairmont, and also it would appear that Story are quoting even lower than wholesale.
The whole thing is somewhat disturbing, and it is my plan now to go to Omaha next Monday night and try to find out from Mr. Carlson if he actually is being quoted lower than wholesale. Meanwhile you will have time to let me have your comments, which I will be very glad to get.

EXHIBIT P-87-B

Letter. Feb. 1, 1928. Cox to Parsons.

Thanks very much indeed for your letter of Jan. 31st. This activity of Story Parchment is very interesting to us and your report that Mr. Carlson says Story's prices are lower than ours is the first report of this nature that we have had. So far as we have been able to check even the very large parchment buyers among the pork packers have not been quoted lower than wholesale by Story.

The tests that Fairmont's chemist told you about are also very interesting. It would appear from what you say that Story's parchment met the various tests at least as good as ours but to me that does not mean so much. It stands to reason that Story in sending out sample paper are going to send selected sheets. It is probable I think that they would make a special run of a selected Furnish and with very thorough parchmentizing, and any special run paper like this would stand laboratory tests better than their regular runs of paper.

Any way we have picked up some full size 24 x 36 sheets that Story shipped to some of the celery wrapping trade here and I can tell you that the paper was anything but fancy.

I am now conferring with Passaic in connection with your letter and it is my intention to go to Omaha possibly next Monday night, and visit with you and Mr. Carlson. If anything comes up to prevent my leaving Monday night I will wire you.

EXHIBIT K64

Letter. Feb. 2, 1928. Greenlee to Kindleberger.

We wrote you January 31st, relative to the visit of the Story Parchment Co.'s organization to the Bowman Dairy Co.

When at the Yards yesterday, I found that the Story Crowd were telling every one that they had just received a nice complimentary order from the Bowman Dairy Co. and exhibited samples of our paper — printed with four different copies.

Upon further investigation, I found that the Bowman Dairy Co. didn't give an order to the Story Parchment Co., even though the Story Parchment Co. asked for permission to print up 5,000 sheets of each of the four copies gratis, but were told not to.

You can, therefore, see that they are not acting altogether on the square in showing samples of our paper, and possibly intimating that it is their paper, and saying that they got a complimentary order from the Bowman Dairy Co.

The first I heard of this was from Mr. Conner yesterday, and I offered to bet him $100.00 that they didn't get an order from the Bowman Dairy Co., but he said that $100.00 was too much to bet, but if any one else springs this on me, I will just ask them to call the Bowman Dairy Co. and verify it.

The Story Parchment Co. must be badly in need of business and are doing everything they possibly can to obtain orders, whether by fair means or fowl.

EXHIBIT K63

Letter. Feb. 2, 1928. Greenlee to Kindleberger.

Unbeknownst to the writer, the Cudahy Packing Co. carried on a comparative test between our KVP Lard Liner Parchment and the Story Parchment Co.'s Lard Liner Parchment.

This test was carried on at South Omaha, and would advise that the report stated that the Lard Liner Parchment they are using (ours) had far superior grease resisting qualities than the Story's samples.

I am not supposed to pass this information on to you or to broadcast it; but it certainly did make me feel good to know that our regular stock held up better than Story's selected stock.

I think it would be well if Dr. DesAutels could get up a skeleton form for comparative parchment analysis, for it seems that no two laboratories test for the same results.

Now, on the Cudahy's Laboratory report nothing was said about Mullen Test, Cross Tear, etc., but I will attempt to quote from a paragraph in the analysis, but I was told not to quote the figures:

"As to transpiration of Water Vapor — Present stock ran ( ) MGM of water per square centimeter per hour."

This has the Ash Test beat a mile, hasn't it, but what does it mean?

If Dr. DesAutels could get up a skeleton form for a comparative analysis, then when any one asks me to make a comparative test, I will hand them one of these forms and suggest that they have their laboratory conduct a test, for we have got to be awfully careful not to appear as knocking a competitor's Product; at the same time, we would be foolish to see our Product run to the ground, wouldn't we?

Awaiting your reply.

EXHIBIT W-33

Letter. Feb. 2, 1928. Moody to Moyer.

I have not reported on Storey for last few days—as I knew of no place in Yards where they had secured any biz. and my play is not to mention Storey unless buyers bring up the question—and then I have very little to say—but when I received your letter yesterday--I tried diplomatically to do a little investigating The information I received which is given below—is confidential—I was sworn to secrecy—buyer's name was not to be mentioned under any circumstances This buyer told me that Levin and Goldman called on him yesterday and first informed him that Koch wanted to call with them on this buyer—because he was feeling so good due to the fact he had landed an order yesterday for a 40000 lb Carload of Parchment—well—its beyond me Carload orders in Parchment are very rare only three angles I can think of—

1st Maybe Armour gave him their Easter Wrapper—order—but up to noon to-day their order had not been placed—

2nd Armour may have given him a Stock order for Star Skinned and Star Hams—and Supreme Skinned and Supreme Hams—but we have 16000 lbs. of above on order now—

3rd Traver might have given him that carload order 30 lbs. Parchment he was talking about last week—but I think that conversation with Traver was bunk—

So I cant figure it out—but we will soon know— as this bird Koch cant keep from bragging—To return to Levin and Goldman—they told this buyer—that Storey was going good—told him they were responsible for two reductions in price of Parchment—that they decided there should not be any differential charge for rolls—so that they made roll price same as sheets—and we met this reduction—and that they forced the later reduction of 1¢ per lb—that therefore the trade should appreciate what they doing for them— and give them their biz—They stated that as soon as they got their production up to a satisfactory tonnage—that they were going to reduce the price of 40 lbs. Parchment to 14l per lb—I asked the buyer if this meant the large Packers oniy—he stated that nothing was said about the special Big Four price—the idea he got was that Storey's regular wholesale price would be reduced on 40 lb. Bases to 40¢—and this reduction was to be made soon as they had tonnage enough booked to run mill on normal basis.

They talked about their quality along lines they have been talking heretofore—they showed several tests made on their parchment that this buyer said was very good—in addition to these tests—they showed this buyer a letter from Fairmont Creamery Co—signed by Ralph Carlson—stating that Fairmont had made a test on these wrappers and found them very satisfactory—but did not state would give them any biz—but they told this buyer that they were going to get Fairmont biz.

They also stated they were going after biz generally good and strong—that they were much pleased with results so far and that eventually there would be only two parchment concerns in biz in the country—but they did not mention which two concerns this would be—Thats all of that—the only packer that I think they could be getting any biz from—might be Armour due to Koch's former connection with this concern—and while I have nothing to base my suspicions on—at same time I think they are getting some biz from Armour.

EXHIBIT K65

Letter. Feb. 3, 1928. Kindleberger to Greenlee.

What you tell us the Story Crowd are doing with the Bowman Dairy Company we hear they are doing elsewhere.

Don't forget, Jim, this too will come to an end. Anybody who would tie their wagon to their star would be satisfied with precious little.

EXHIBIT K66

Letter. Feb. 3, 1928. Kindleberger to Greenlee.

I am very glad to have read over your letter of the 2nd concerning the comparative tests on greaseproofness of our special lard liner, and I am sending your letter on to Dr. Des Autels so he can comply with your wishes.

There are so many letters going out to Dr. Des Autels on the Story Parchment that he perhaps is beginning to think that Story are some "pumpkins."

Don't forget that this comparative test proposition will end in a very little while. It is a new thing and finally everybody will be disgusted with the situation and perhaps never mention it again.

EXHIBIT P39

Letter. Feb. 3, 1928. Cashmore to Cox.

I have your letter of February 1st with which you attached correspondence with Kennedy & Parsons in re Story Parchment Company.

I have read Mr. Parsons' letter with a great deal of interest and note especially their tests as to the relative merits of our paper as compared with Story's.

We have found, in some of our tests, that Story's paper is closer than ours though, recently, we have installed a finer mesh wire on our paper machine which will produce the same result for us. In other tests we have made, we find that our paper is usually stronger than Story's sheet and more thoroughly parchmentized and we have also found that their inks do not stand up under tests such as our inks are subjected to. They stand very well in hot water but when tested with butter or lard, they are weak. Story has, for some time, been broadcasting information that their competitors' sheets (among them ours) was an entirely wood sheet while theirs was made of rag. On several of their samples, we have had tests made both by ourselves and disinterested laboratories with the report that theirs is a 100% sulphite sheet.

I note also the difference in price quoted by Story and am at a loss to know just what to say on this point. They are going around generally offering 5% under our best price which, no doubt, accounts for the differences to Fairmont Creamery.

They have stated to the trade that their 5% below ours holds regardless of whether or not we meet the situation as it now stands so I feel that no matter where we go, they would still have the same difference in price. Thus far, we have experienced similar pressure as is manifest in Parson's letter from others in the trade though we have not, as yet, suffered any great loss in business because of it. Much of the trade is satisfied that we are giving them the best that can be gotten and that they can rely upon service and a uniform quality and have been content to let the matter rest with that. However, in one or two cases, we have had orders cancelled because of Story's 5% below our wholesale quotations.

I feel that were we to meet this situation they would still be 5% under us and we would be that much worse off, so feel, for the present, that it is best to stand pat and to talk quality, service and permanence of organization for the present.

EXHIBIT P88

Letter. Feb. 3, 1928. Cashmore to Cox.

In another letter referring to comparison of our paper with the Story Parchment, I mentioned the fact that we were getting paper through from a machine having a finer mesh wire and promised to send you some samples.

I now have these sheets, a few of which I am sending to you and will ask that any paper that Story puts out be compared with this for penetration or anything else for that matter.

Further developments have become know this afternoon and in tests of Story paper, we find that on the samples we have received, some of them are fully 100% sulphite and some are considered 100% sulphite with just a trace of cotton rag fibre and, judging from our analyses, Story are throwing in possibly a handful or two of rag fibre into their paper so as to say that it is of rag content but to find a ratio would be impossible.

I would like nothing better than to have Mr. Carlson test out this paper in connection with Story's and if he has any further misgivings after making comparisons as to our quality, would like to know it for I am quite sure this sheet will surpass Story's because some of Story's samples we have received, are not fully tight and have more pinholes than our regular stock.

EXHIBIT W-110

Letter. Feb. 3, 1928. West Carrollton to Gentlemen.

EASTER WRAPPERS

The time to purchase your Easter Meat Wrappers is at hand and the enclosed sample is offered for your inspection. Our decorated Easter Wrappers are size 28 x 32 — 40 lb. Genuine Vegetable Parchment, and prices, including both paper and printing, are as follows:

1,000	Sheets	and	over	— $23.75 per M.
3,000	"	"	"	— 22.25 per M.
5,000	"	"	"	— 20.00 per M.
10,000	"	"	"	— 18.10 per M.
25,000	"	"	"	— 16.30 per M.
50,000	"	"	"	— 15.75 per M.

Terms: 2% ten days, net thirty days, f.o.b. mill less your usual freight allowance.

This wrapper is a brand new design and one that will give your product a distinct sales appeal. Send us your order now and the wrappers will be shipped immediately.

EXHIBIT W-34

Letter. Feb. 3, 1928. Moody to Moyer.

Here is the dope on that Carload order that Storey's directors were talking about last Wednesday—which conversation I reported yesterday. Storey has made a price to the Institute of American Meat Packers of 2½%. trade discount of the wholesale list—which figures as follows — 40 lb. — wholesale price 15.00 cwt. less 2½% Trade discount equals 14.62½ cwt. 30 lb. Bases — price 15.50 cwt less 2½% Trade discount equals 15.11¼ cwt — this is same price they have been making to the big Packers — Swift Armour Cudahy and Wilson — above prices are of course subject to 2% Cash—

Their arrangement with the Institute of American Meat Packers—is that any Packer in the country — that places his order through the Institute for Parchment will get the benefit of this special 2½% discount — the shipment will be billed direct to the Packer ordering the parchment — at the regular wholesale price — but the packer when remitting deducts the extra 2½% trade discount from his remittance — this special price applies on any quanity ordered thru the Institute — for instance packer can order 500 lbs and get benefit of it Smallest packer in the biz can buy as cheap as Swift or Armour The Institute sent out a bulletin last Friday to all their members announcing this new arrangement and suggesting the members take advantage of this contract. Then—in addition to the above Oscar Mayer who is the president of the Institute of American Meat Packers—and who wants to make the purchasing division of the Institute a success — starts the ball a rolling on the new parchment deal by placing an order for a carload of Parchment for his Madison Wis and Chicago plants. I understand most of the car is 30 lb. Plain Parchment—balance 40 lb. Plain and Printed — in his different printed brands—now a carload is enough Parchment to keep Oscar Mayer's two plants running for a year — the most of Parchment is used at the Madison Wis plant — 30 lb. Basis Plain for wrapping locas —and the orders for Madison plant have been ordered by Madison plant. Chgo buyer divided what biz they had between Patterson Kalamazoo and West Carrollton — but their entire tonnage at Chgo did not amount to a great deal—most of parchment they used was used and bot at Madison—you well recollect I harped on that Madison biz for quite awhile—and we finally landed some biz there last year but I believe Patterson had the edge on us here in Chgo and

also at Madison—so it is more their loss than anyone else—Now—the idea is that this car will not be shipped as a carload—Oscar Mayer and Co are not going to tie their money up in a carload of Parchment for 8 to 12 months—So in all probability Storey will never run the entire carload The whole deal in my opinion was to impress the members of the Institute—so they will become interested and send in their orders for Parchment to the Institute figuring if Oscar Mayer orders a carload the quality must be OK. But keep in mind the bulletin sent out Friday—went out to every Packer in this country. This makes a rather serious situation—in addition to above Storey sold Kirchheimer 6000 lbs. Roll parchment on same basis—namely 2½% discount of wholesale price.

Storey may be getting some other orders—but I don't know where—but at same time they could land some Yards biz—and I would not know it for some time.

Part of EXHIBIT W-35

Letter. Feb. 3, 1928. The Best Foods, Inc., to Sill.

We wish to advise that we have been quoted one dollar and fifteen cents per thousand on thirty pound parchment wrappers, which we are now using.

Upon receipt of this information we are wondering if there has been another reduction in parchment paper and if so will we receive the benefit of this price.

EXHIBIT K-67

Letter. Feb. 4, 1928. DesAutels to Greenlee.

Your letter of February 2nd relative to the above has been handed to the writer by Mr. Kindleberger and this morning copy of your letter of February 3rd to Swift & Company, attention of Mr. Gullion, along the same lines is at hand.

I see from your letter to Swift's that you have been able to suggest a skeleton form for comparative Parchment analysis on the basis of the tests which we make and I presume you have been able to do this readily because of our numerous recent reports and comments concerning such tests.

There really is nothing to add to this skeleton which you have drawn up. Some comments may, however, be in order. In regard to tearing strength tests, it is doubtful whether all of the laboratories have the equipment for making these tests or anyone on their staff who is familiar with the proper operation of the testing instrument.

Fiber analysis is another thing which I doubt very much if chemists outside of the paper industry would, as a rule, be prepared to make. Another point is too, that while it is well for you yourself, of course, to know that our sheet contains considerable rag pulp and that Story's sheet, for instance, contains very little, not enough to do any good, nevertheless I question whether it would be wise to have the trade in general get to analyzing Parchment in this way and so come to know as much about our pulp furnishes as we do ourselves.

In regard to greaseproof tests; any test that is made will, of course, be comparative only. That is, it will tell whether one paper is better than another, but it is not possible to assign a definite numerical value to the greaseproofness of any given sample. Our own method of testing involves, of course, the special equipment which we have designed for the purpose and a full description of our method and apparatus would be quite lengthy and we doubt if we could succeed in getting everyone to use the same test that we do, although we are very well satisfied with it as a basis for comparing different sheets.

The degree of parchmentization we judge both from the condition in which we find the fibers in our fiber analysis and also from the results of the physical tests which, particularly the tearing test, indicate how brittle the paper is, and the greater the degree of parchmentization the harder, usually, the sheet has been parchmentized.

In all of the tests also, it is very important that a large number of samples be tested rather than going too much into detail in regard to what happens say, with just one small sample of the paper perhaps only a few inches square.

In regard to "transpiration of water vapor" and other "waterproof "tests, these really have no proper place in tests of Parchment as we pointed out in recent comments on an analysis which, as I recall, you sent to Mr. Kindleberger and which was carried out at Swift's.

We also recently expressed to Mr. Southon our opinion of the significance of Ash Content in Parchment which he has doubtless passed on to you. A high ash content would mean rather that the sheet contained impurities instead of the pure cellulose which constitutes a pure, clean sheet of Parchment.

As stated before, we see that you have obtained from our recent reports the things you wanted for a skeleton plan for Parchment

analysis and I believe that this letter, which rather summarizes the situation, will make your information complete on this subject.

Altogether it may be just as well to have the majority of these comparative analyses made here in our own laboratory. We, of course, appreciate your thought that it looks a lot better if we could get them to do it themselves so that it would not appear that we are knocking our competitors' products, but if these laboratories and chemists are not in a position to make the necessary and significant tests, what else is there for them to do but call on us for this work? You can rest assured and guarantee to them that our reports will be absolutely fair and truthful. Analytical testing is a pretty cold-blooded proposition and devoid of all feeling, so that our analyses are just as fair as those from their own laboratories.

EXHIBIT W-36

Letter. Feb. 4, 1928. Moyer to Moody.

I have a number of your letters on my desk which I have not answered for lack of time. I think all important matters have been taken care of by Mr. Roddy.

We are working on our new waxing machine and getting it whipped into shape a little better every day. Just to show you how good we have it already I want to say that we ran about a carload of paper in a little better than twenty hours. This of course was large rolls and was the waxed one side pork loin.

Was a little surprised when the Manilla wrappers came in, such as Armour uses. At a glance I said, Moody has led us wrong, this is not the regular 33-35 lb. K.V.P. Manilla Wax but on investigation I find you are right. I am now waiting for prices from two different mills on this paper and in the next day or two, as soon as we can get at it, I am going to run up a roll of paper we have on hand and send you samples. Unless I can get a better price on the raw material than has loomed up so far it is going to be mighty close work if we have to take less than 8¢ in fact 8¢ as I wrote you the other day, only allows us a 25¢ leeway and that is mighty close to work on. Figure it out for yourself and see how much profit would be in a carload. However, I want some of this Manilla business and we are working right along toward that point.

With reference to your report from Storey. I have been advised that Oscar Mayer is the party who gave Storey the carload

but I rather think this is doubtful because I was under the impression that Oscar Mayer never bought Parchment in carloads.

The balance of your letter on this subject was very interesting reading and I have no comments to make other than that I am looking all the time for ways to increase our production and make it better and so hope that by the time these people want to make a 14¢ price we will be in line to do the same, altho I will have to admit that 14¢ for 40 lb. Parchment would put it in about the same class as waxed paper is today.

I am attaching a letter from the Dallas Paper Company with reference to selling Fort Worth Poultry & Egg Company Armour's wrappers. You will also find attached a copy of my letter to Dallas Paper Company. Now it goes without saying that Armour will not let us sell printed "Cloverbloom" wrappers to the Dallas Paper Company but in order to keep everyone happy I am putting it thru this way. Let me have your comments.

EXHIBIT W-37

Letter. Feb. 4, 1928. Moody to Moyer.

I followed up Armour this A.M. on that Easter order—the buyer advised me they finally decided to-day not to give West Carrollton the order this year—stated they were all satisfied with West Carrollton sheet—and the good record it had made on all previous shipment—but Mike Powers the superintendent finally decided they ought to try the "other" sheet once—[in other words Storey] the buyer admitted it was a question of price—I couldnt presume to ask him who he placed order with—because I am very careful with this new buyer—not to be too persistent—not to ask too pertinent question—he is giving me a square deal—and I am not going to take any advantage of his courtesy—but from what he did say—there is no question in my mind—but that Storey landed the order—I thanked the buyer for his consideration etc and I feel that he will make up the loss of this order—with regular biz—so it will not be so bad after all—but the idea we have to consider is that Storey has landed some Armour biz—which means they will land more.

Really—I dont know why the big Packers havent given them more biz than they have It would be good purchasing tactics to play Storey against the other parchment concerns and play them strong—so we better get our armor on and go to battle—as the enemy is entrenched—

EXHIBIT W-38

Telegram. Feb. 6, 1928. Starrett to West Carrollton

Story Quoting institute fifteen cents less two and one half percent on forty and fifty pound freight allowance to Chicago and Cincinnati Terms two percent ten days.

EXHIBIT P62

Letter. Feb. 6, 1928. Cox to My Dear George: (Mayer).

Acknowledging your letter of February 1st I note from your letter and also from one I had from Mr. Cashmore that Story are offering 5% below wholesale in the East. Here in Chicago they are not doing that, they are offering 2½% below, the difference due perhaps to the fact that they may not have to pay a broker's commission in certain places in the East, as they are paying to Mr. Koch here in Chicago.

Mr. Ezra Levin has not looked me up and my guess is that he is not going to. He was in Chicago last week with Mr. Goldman and those two along with Mr. Koch indulged in gang salesman ship by calling in a body on all the important trade here. They claim all the credit for the price reduction the first of the year, and they said that as soon as they get into production they would put another decrease of 1¢ per lb. into effect. They pointed out that the more the trade cooperated with them in giving them orders, the quicker they would be in production, therefore the moral was to give them business and get the price down that much quicker.

In a letter on this subject that I wrote Mr. Cashmore earlier in the day I mentioned Mr. Koch was telling he received his first carload order last week. We find now that he actually did get a carload order it was from Mr. Osman of the Institute and the paper is for Oscar Mayer & Company, to be divided between their Chicago and Madison plants. This surely hurts us because we have been getting practically all of Oscar Mayer's business. It seems Mr. Mayer being president of the Institute, stated that he was placing this order with a view of encouraging this new competition, which he feels will benefit the pork packers.

Mr. Osman last week sent out a broadcast to all his members that he can fill parchment orders at 2½% below wholesale but he did not state what parchment he would supply. I think it entirely likely that he may get some orders as a result.

EXHIBIT P90

Letter. Feb. 6, 1928. Cox to Cashmore.

I am very glad indeed to have your letter of February third in connection with the Kennedy Parsons-Fairmont correspondence. I feel exactly as you do, that at the risk of losing an order now and then, it is better for us to stand pat on our prices for the present. Story seems determined to quote under our prices, whatever they may be and I think it a good way to proceed, to officially let our prices remain as they are and then try to meet each price cutting situation as it comes up.

I might mention that Mr. Koch was telling at the Yards last week that he had received his first carload order for parchment. Inasmuch as he works only in Chicago the order would have to come from someone here, and I cannot imagine where such an order would come from. No one in this town buys a carload and I am inclined to think that Mr. Koch was stretching things a little basing his statement on some fairly good order he may have received.

I do know that he has cut in on the Kirchheimer Brothers business. Kirchheimer is a Chicago paper jobber, with bag making equipment, and he has always bought a lot of KVP paper. Kirchheimer has always been very hard to get along with, claiming short weight and a lot of other things, and we always suspected that KVP were handling this account of the basis of not charging the ½¢ per lb. for Jumbo Rolls. However, that may be I understand that KVP are very much upset about Story cutting them out of this account.

EXHIBIT W-35

Letter. Feb. 6, 1928. Moyer to Sill.

I have your letter of the 4th with copy of a letter from Best Foods attached, which we are returning.

In figuring this over we find that a price of $1.15 is just ¾ of a cent less per pound than our quotation and I hardly know what to say. If it isn't Paterson, and you say it isn't, I don't believe it is Kalamazoo, so it must be the new mill, Storey Parchment Company. I want to think this over a little bit and as I expect to be in New York on the morning of the 20th, or sometime during that day, we can then talk this over. This new Parchment Company have not proven their sheet, neither are they very well organized, in fact, I don't believe they have their printing presses up, but they have gone out and quoted some ridiculous prices

knowing full well they would not be able to fill them. In fact, we have lost several orders on their quotations which later came back to us because Storey was not in a position to make deliveries. However, we expect to now, and in the future, do just as we have in the past, that is, remain competitive and if it is necessary to meet this price of $1.15 we are going to do it, but I do wish you could hold the matter in abeyance until I can talk it over with you. In the meantime I will shop around and see if I can get any further line on who is making this price and I know it goes without saying that you will also keep on the job down there, and if it is possible to get any information through Mr. Salmon or Mr. Weischedel you will do so, although I know this is rather a hard thing to get around. However, keep this in mind, I don't want you to lose any business and so trust you will keep in close touch with these people.

Think this over yourself so we can decide what course to pursue when I see you on the 20th or 21st.

EXHIBIT W-39

Letter. Feb. 6, 1928. Moody to Moyer.

Phoned you this aft—as thought matter was urgent enough—besides figured you might be away from mill to-morrow—To repeat phone conversation—Armour's buyer in explaining why we lost the Easter wrapper order for 22000 lbs—stated that Reynolds—Lynch and himself went into question of testing Storey's sheet in everyway—strength—moisture proof qualities—greaseproof qualities and rag content—and he claimed that Storey's sheet compared very favorably with other Parchment sheets—they then secured a sample lot and printed same in their printing works—and their Superintendent of the printing works reported favorably on the test—so they decided in favor of Storey—first on account of small saving in price and second [the real reason] as a matter of propaganda—they are starting to force down the price of Parchment especially in view of fact Storey claims going to reduce price still further—stated was going to take biz away from West Carrollton—Kalamazoo and Patterson—sufficient quanity from each to make them each feel the loss and give it to Storey—[so far has treated me all right as I only have to sell and have shipped this month about 4500.00 more than have on books now to beat total shipments of January and February of last year] Armour's buyer was very careful to advise me that he did not want to be quoted on any information

was giving me—so be careful not to mention his name in any conversations—he told me that one of my competitors had advised him they would meet any price Storey made. I asked him what my competitor meant by that remark—the present Storey price? he said that was what he meant—but that he—Armours buyer was not asking him to meet the present price—as he figured he had better chance to get a much lower reduction of at least a cent a pound instead of 12½¢ cwt—by letting competitors price ride as it is now—and he lose the biz—so when he felt the loss he would make an interesting cut—
He stated that was giving Storey some good biz and was going to give him more—said was good purchasing tactics—and he would be a "Dumb Dora" if did not take advantage of the situation. Said would give me stock orders for Oleo wrappers—just as soon as price situation was settled which he expected it would be between now and March 1st—in others words was looking for 1¢ lb reduction between now and March 1st. Koch reported at Wilson's and Swift's this AM that he took a carload Easter Wrappers away from me at Armour's—started to advertise fact at once—Armour's buyer claimed Swift was doing same as Armour's giving Storey some biz I don't know where he got this information—I doubt it—but at the same time Swift could give Storey some biz and I would not know it—
If what Cudahy's buyer told me last week—that Levin and Goldman informed him that price of 40 lb. would be reduced soon as their plant got to a normal tonnage is correct—then they Levin and Goldman told Armour undoubtedly the same thing—and that's what Armour is shooting at.

EXHIBIT K68
Letter. Feb. 8, 1928. Wood to Kindleberger.
In calling on Chas. G. Stott & Company, Washington, yesterday, Mr. A. H. Tew, the Story Parchment Company's name came up, and he gave me a sample of their parchment to forward to you, with the following remarks:
They have been flooded with samples and letters from this concern, and took the pains to send to the Bureau of Standards all four grades of parchment paper, marked A, B, C, D, of K.V.P., Paterson, West Carlton and Story. Mr. Tew can furnish you with the analysis of the Bureau of Standards in full if you wish. He could not locate it yesterday when I called, so I did not have the opportunity of reading it, but he told me that on all the various

tests that the Bureau rated the Story parchment the highest,—greater resistance in water, testing 10 to 20% stronger, less ash in the furnish, etc.
Please do not take this as any criticism from this concern, as they did not mean it in this way, but they thought you might be interested and would look further into the matter.
With best personal wishes.

EXHIBIT K69

Letter. Feb. 8, 1928. Greenlee to Kindleberger.

You will recall my having mentioned to you that the Story Parchment Co. were showing a copy of a Laboratory Report as gotten out by the Detroit Testing Laboratory, of Detroit, Michigan, showing a comparative analysis between the Story Parchment Co. and that of three other Manufacturers.

Undoubtedly, the column headed "X" represents our Product, for everyone was told ours showed up the worst.
You will recall that Dr. DesAutels, in mentioning, the Ash Test stated that the presence of Ash showed the presence of foreign substance in the paper, and from this report, it would appear that the Story Parchment Co.'s paper contained less Ash than that of any of the three other manufacturers, and consequently must contain less foreign substance than the Product of these other three.

If you desire to retain this report, will you please have a copy made and send it to me; otherwise, return the original after you are thru with it.
Will you please acknowledge?

EXHIBIT K71

Letter. Feb. 9, 1928. Greenlee to Kindleberger.

The Institute of American Meat Packers have come out with another bulletin telling just what their arrangement is with the Story Parchment Co. so far as the Special Trade Discount is concerned.

Mr. Lynch of Armour's sent for me last evening and talked with me for better than one half hour and telling me that we must do something, for as it is now any little Packer buying thru the Institute is getting a better price than Armour's were paying.
Mr. Lynch stated that there was no question but what the Story Parchment Co. made a good sheet of Parchment, and he did'nt

care whether it was an all wood sheet or not; but unless we did something and did it promptly, they would be forced to place their orders thru the Institute.

Armour & Co. have never worked very closely with Mr. Osman of the Institute, but Mr. Osman is now showing up the Armour's Purchasing Department and it does not set well with Mr. Lynch or Mr. Reynolds.

Mr. Lynch stated that if we didn't want to come out and cut the prices further, that it would be agreeable to them that we handle as a rebate, but I told him that you were very much aversed to making rebates.

Mr. Lynch all along was talking 14¢ as a fair price for 40 lb. and heavier, and he said that the first one to make that priee would get the preference.

I told Mr. Lynch that it was a difficult situation, in that we had always contended that the four Big Packers were entitled to a better price than any one else, but that if we made the Big Packers a further reduction in price and didn't give it to the small Packers, then all of the small Packers would buy thru the Institute.

Mr. Gramer of Swift's spoke to me yesterday about the price, and told me that his people were even now questioning his placing his orders with us, when he could place his orders thru the Institute and get a lower price.

The Story Parchment Co. claim the credit for the last price reduction, claiming that we found out that they were going to reduce the prices, and that we beat them to it, so that they are asking for the credit.

Mr. Gramer of Swift's tells me that the Story Parchment Co. say that just the moment they get into production and which will be within the next 90 days, they will reduce their prices to 14¢ and that is where Mr. Lynch got the price of 14¢ I previously mentioned.

You know, Mr. Ruf of the Cudahy Packing Co. is on the committee of the Institute, and I cannot understand why the Cudahy Packing Co. continue to place their orders with us when they could place their orders thru the Institute and get a better price, for you will recall that I told you that Mr. Ruf told me that the Story Parchment Co.'s sheet was a good sheet, and that the all wood sheet they got from Europe last year was the best parchment they ever had.

He wanted to dig up some letters from their superintendent to prove this, but I told him that I would take his word for it.

I called on Wilson & Co. this morning and I do know that Wilson & Co. do not like Mr. Koch or the Story Crowd, but it seems that these bulletins from the Institute first go to Mr. Tom Wilson, the President, and he has already had this matter up with Mr. Eckhouse to find out if they were buying at a better price than the Institute were offering, and Mr. Conner stated that we should do something to keep the Purchasing Department from getting in bad with Mr. Wilson.

In my talk with Mr. Lynch last evening, I asked him if Armour & Co. didn't enjoy competition and asked if he would want us to go out and cut our prices to say 14¢ per lb. and thereby eliminate one or two competitors.

Mr. Lynch stated he didn't care how many competitors were eliminated just so Armour & Co. got the 14¢ price.

Now in this fight, for it sure is a fight, if you decide to come out with this all wood sheet at a special price—don't let's talk about its being a wood sheet, or talk about its quality, for let the packer convince himself that it is a good sheet; but when we do come out with a new price, are the Big Packers entitled to a special concession unless they purchase in straight carloads?

I, of course, know that they will think they are entitled to a special price, but if they purchase thru the Institute, every one would get the same price.

I am certainly pleased that you have experimented and produced this wonderful sheet of all wood parchment, showing that when the time came, you were ready for the fray, and I think now is the time to enter the fray and on a basis that our new competitor will not be able to declare 100% stock dividends.

If we came out with a 14¢ price, this price would, of course, apply to the Institute and every one entitled to the wholesale price, and if our new competitor made this price, could they still afford to give the Institute of American Meat Packers and the American Association of Creamery Butter Manufacturers this special 2-½% Trade Discount?

You can't convince the Trade that the Story Parchment Co. are not making a good sheet of Parchment, whether they are, or not, for it we attempted to knock it, every knock is a boost and nothing would be gained.

After you have had occasion to think this over, I would greatly appreciate hearing from you.

I feel satisfied that the Cudahy Packing Co. and Wilson & Co. have not placed a single order with the Story Parchment Co.

I don't think Swift's have, but I do know that Armour's have, and these buyers in order to protect themselves have got to show that they can purchase at least as cheap as thru the Institute.
If the Packers can purchase their supplies thru the Institute at a lower price than they can direct the days of the Purchasing Agents are numbered, and only clerks will be necessary to route the orders.
It is a peculiar situation, and before we get thru no one will pay the retail price, for I don't think our competitor has a retail price list, and if you join one of these Associations, you are entitled to the wholesale price. You might at least save the expense of printing up these retail price lists, but I do feel sorry for the Creamery Supply Jobbers, don't you?
If you decide to do something and do it quick before the market gets too badly demoralized, why not leave our prices just the same as they are, but give our Trade the 5% Trade Discount, for it is less than 1¢ per lb. and just double the Trade Discount our competitors are giving.
The Trade Discount only applies on the stock and not on the printing, and is deducted before the cash discount is taken. That is how I understand the Story Parchment Co. handle it and it might simplify matters.

EXHIBIT K196
Letter. Feb. 10, 1928. Kindleberger to Dohan.
Both Mr. Southon and your Humble Servant will be in New York on Wednesday and Thursday of the Paper Convention Week, February 22nd and 23rd.
So if you could get the brethren together on Wednesday, to talk about the Import Situation, this will be a fine time for us.

EXHIBIT K74-A
Letter. Feb. 10, 1928. Howe to Southon.
Attached is a sample of roll wrapper printing which I understand was turned out by Storey Parchment Co. It seems that these people are making a strong claim that their parchment is more grease-proof than ours and I wish you would let me know if there is anything to this argument.

EXHIBIT K-76
Letter. Feb. 10, 1928. Kindleberger to Greenlee.
We have read over all the letters you sent in this morning, and we got the picture as you drew it.

For the time being, we are going to tell you to meet this 2½% trade discount to the big six or seven Packers, also to the Institute, to Barber, and to the Allied.

I have been trying to get you over the telephone and perhaps I will yet before the day is over; but I am dictating this letter anyhow and have it all ready to go out this evening.

Don't forget that we are taking the money out of the till. To go down to 14¢ would mean no profit to us in the Parchment end of our business.

We don't want to be aggressive in this warfare,; neither do we want to be cringing cows in meeting the critical situation. We are not inclined to give any more than Story is offering; with our service and the amount of stock we carry on hand to serve these Packers, if we can't hold our own at equal prices, then we ought to go out of business anyhow.

P. S. This 2½% trade discount will be effective on orders from today only. It is not retroactive.

EXHIBIT K210

Letter. Feb. 10, 1928. Southon to Dohan.

Thanks for your letter of Jan. 31st.

I am, however, at a loss to understand just what you mean when you say that we did not state what countries we desire to export to, as we told you the countries of Argentine, Brazil and Uruguay and in your letter of Jan. 31st, you have given us a memo. covering the import duties to these three countries.

We are passing this on to our customer in Chicago and if any further information is desired, we shall be glad to get in touch with you.

EXHIBIT K-72

Letter. Feb. 10, 1928. Kindleberger to Wood.

I thank you for your letter of the 8th giving us the remarks from the Chas. G. Stott Company as to the Story Parchment.

The old saying about "A new broom sweeps clean" is as true as the sun shines. We have made hundreds of tests on their samples in our Laboratory for our own information and we have never seen one of their sheets equal ours; but the real test is going to be in the using.

Give us all the information that you can glean. It doesn't worry us any at all.

EXHIBIT K73

Letter. Feb. 10, 1929. DesAutels to Greenlee.

This will acknowledge your letter of February 8th to Mr. Kindleberger on the above subject.

The analysis offered by the Detroit Testing Laboratory is, as you know from our own recent reports and correspondence, neither complete nor fair.

They do not give the wet bursting values and the ratio between wet and dry values.

No mention is made either of the tearing strength in either direction of the sheet, which is a pretty good indicator of the brittleness.

Again they give no fiber analysis.

We do not consider the slight difference in ash content values as particularly significant. If these values were as great as 1% or more they might mean something. Our previous understand of Story's claims along this line was that they were trying to show that their papers, by virtue of a particularly high ash content, were superior. Isn't it remarkable how these people swing from one extreme to the other? Surely they could find no more effective way of destroying public confidence in them.

The samples which they submitted to the Detroit Testing laboratory were, without a doubt, carefully selected by themselves and we seriously question whether they were truly representative, in fact I think you will find in some of our recent reports values which directly contradict the impression they are trying to give with their report. We know that the ash content shown in column X is higher than we usually have in our 30 lb. Parchment.

Such comparative analyses, while serving to help us look for the weak points in a competitors product, can in the right hands (or perhaps we should say the wrong hands) apparently be manipulated to tell an untruthful story.

EXHIBIT P91

Letter. Feb. 10, 1928. Leonhard to Mayer.

Competition seems to be getting a little bit keener in the butter market. Mr. Haney has just been covering that section and when I went thru it yesterday I found that most of the people had been called on. J. R. Kramer had placed an order for 100, 000, 8 x 11, 30 lb. one color wrappers at $1.30 per M, for April 1 delivery.

Mr. Ross Ebert of Samuel Balcom told me he had been quoted 8 x 9, 30 lb. at $1.15 per M.

Mr. Heinemeyer of John H. Wentz is quite exercised about the whole thing and was just going to write us and let us know that Mr. Haney had been around before placing the business with him. In other words, he wanted to give us a crack at the business before he gave it to some one else. He is thinking of giving Haney a trial order, as he stated it would be unfair to himself and to his Company if he did not try out the paper when the saving amounted to so much. He told meHaney had showed him several orders taken in the butter market, but would not tell him from whom they were taken. I did hear from another source that Sheffield Farms had placed an order for some of their paper but I am not sure about this and suggest you check it up with "Barney"

Mr. Ebert of Balcom during the course of our conversation said that the Story wrapper gave off a very inky odor and smelled almost like linoleum. He said he told Haney about it and Haney said several others had made this remark which he referred to the mill. The mill he said replied telling him to sell the paper and not bother about the inks, they would take care of that end of it. They guarantee all their inks and are telling people that if anything goes wrong they will make good for the damage.

Kramer told me Haney told him to write to the Fairmont Creamery if he wished to get a letter of recommendation as to the quality of their paper. He also stated that Beatrice Creamery was interested in purchasing some of it.

EXHIBIT P92

House Letter. Feb. 10, 1928. Chace to Mayer.

Mr. Loud of Stimpson & Co., Inc., gave me the attached samples which they had just received from the Story Parchment Co. They also wrote them that there was a lot of business to be had on the fish pier and they suggested that Stimpson go after it.

Mr. Leathe told me tonight that he had received an offer from an association they belong to in Chicago to get Story Parchment at 14⅝ cents per pound on 40lb. I do not think Mr. Leathe is interested as he gave me another order for 10 bales and Dowd one for 30 bales.

They have not heard about any Boston salesman.

EXHIBIT W-40

Letter. Feb. 10, 1928. Moody to Moyer.

I reached Swift's at 1.30 PM, buyer was in conference — came out —told me had some orders—but would give them to me Monday

—reached Armour's at 2 P.M. had long talk with buyer. Said was notifying all three parchment companies would give them no biz until reduced price—told me that already had received price reduction—I immediately phoned office before calling you on phone and was advised that you were trying to get me—I called you and then was back talking to Armour's buyer in 30 minutes afterwards—he went through his orders and all he had were the two enclosed orders— and two orders for waxed head wrappers and order for 25000—2 lb. Roll Wrappers for Cloverbloom on which Kalamazoo has a stock orders— so the pickings was poor but we got fair proportion—I immediately phoned Wilson and Cudahy and went back and notified Swift—When I reached the office Cox of Patterson Parchment Co called me—and wanted to know what I knew about price reduction—I told him you phoned me at 3 PM that price was reduced 2½% — he said he had not been notified—but that his boss would be here in the morning—and would give him the information then—above is all I told him —Cox advised me that Hormel had placed an order for carload through the Institute with Storey—so as far as I know. the tonnage that Storey has secured so far is the car for Oscar Mayer—the 22000 lbs for Armour Easter Wprs—and the car for Hormel and 6000 lbs to Kirchheimer.

Suppose it was proper thing to do on one account—that is the Institute—that 2½% discount the were getting might have demoralized the packing industry trade outside of the Big Four biz

I dont know how you are going to do it—but a certain party ought to be suppressed—its poor policy to try to impress a buyer by making them think you can get the price reduced—and talk about price being reduced eventually one cent per lb—its playing right into their hands—there has been too much conversation of this kind.

EXHIBIT W-44

Letter. Feb. 11, 1928. Moody to Moyer.

I explained over phone what steps I took in the Jelke mix-up—now this party Allen is one of the smartest buyers in Chgo. he knows thru our talkative competitors that he has a lower price on 25 lb. Basis—than anyone in the country—and now that I have spilled the beans—it is going to be a delicate matter to adjust—he of course maintains that the discount of 2½% should apply to his present price—and he also states that he has

a lower price from Storey—undoubtedly Levin was aware what price our competitor had been quoting him while he was in their employ and Allen is not exaggerating when he states that Storey is willing to make any price to get an order from Jelke—I happen to know Koch has been out there several times—but a 2½% discount of their present basis of 18¢ for 25 lb. Basis would equal 17.58 and on their present price of 15¼¢ lb for 30 lb. Basis would equal 14.87 cwt—which would mean 15¢ cwt less than Big Four price on 25 lb. Basis and the same as Big Four price on 30 lb. Basis namely 14.87 cwt — So my suggestion is to put Jelke on same basis as Big Four prices—namely 2½% discount off 18¼¢ lb for 25 lb. Basis—which would equal 17.80 cwt for 25 lb. Basis and 2½% discount off 30 lb. basis price 15¼¢ lb which would equal 14.87 cwt—this will have to be done as there is no other recourse unless you want to cut out Jelke altogether—besides you cannot handle this account like you are going to handle balance of packing trade by deducting 2½% discount on the invoice—you will have to make Jelke a flat price of 17.80 for 25 lb. Basis and 14.87 for 30 lb. Basis—if you decide to meet my views—it will mean a ten strike for us with Jelke if cannot see way clear to do so then we are queered.

EXHIBIT W-140

Letter. Feb. 11, 1928. Moyer to Simonton.

I was just talking to Mr. Krebs, our Optimist, complaining about conditions, orders and the world in general, when he remarked, "Oh well, the sun will shine at our house again." It's a pretty good quotation, so just keep it in mind if at times conditions do not appear to be what they should.

Just between you and I the Storey Parchment have been digging in pretty deep in the last week or two owing to the fact that they were making a better price than we were. Yesterday morning a friend living not so far from you and whom you know called me on the phone and from other sources I learned that our competitors were going to meet Storey price. That means we had to do likewise and what I fear now is that possibly the end has not been reached, but the other source we have on Waterleaf called me on the phone about these conditions and advised that they were ready to make a better price on Waterleaf and wanted orders. I gave them none and I hardly know what to do. With this new reduced price and more staring us in the fct it looks as though we must have a better price on our raw

material, now I am thinking of you, I know your condition and you know that I want to do everything possible to help you, but this fight is getting harder every day and I don't feel it would be fair to my Company to pay you more, or at any rate much more, than we can buy Waterleaf elsewhere. Of course, I know there is two sides to this question, you know what I mean. Naturally, I am going to favor you all I possibly can but I wish you would go over your costs and see if there is anything you can do, if so how much, go as far as you can and that's all we can ask.

I would have liked to have seen you and talked this over as I might have brought out some points of mutual interest, but that being impossible I thought best to start the ball rolling in this manner. Think this over as quickly as possible and advise me one way or another.

EXHIBIT W-43

Letter. Feb. 11, 1928. Moyer to Orchard.

The Storey Parchment Company are making a very strong drive thru the Institute of Meat Packers for the business of the different packers who belong to this organization, and I believe that it covers practically every packer of importance.

A short time ago Storey approached the Institute of Meat Packers of Chicago and quoted them 2½% discount from the regular wholesale Parchment price list. They were to bill the paper at the regular wholesale price and when any member of the Institute remitted he was to deduct 2½% from the face of the bill. Take for instance the Independent, who buy in carloads. These people of course got a quarter cent off or a price of 14-¾¢. Now with Storey giving them 2½% off of 15¢ that made Storey's price about 12 or 13¢ per cwt. better than ours. It is the writer's opinion we should meet this competition, so, hereafter on paper you buy for members of the Institute we will allow you 2½% off. We have, or will have Monday a list of all members so when billing you on these customers only, we will make the deduction and presume you will pass it on to your customers. I think I have covered how this would work out with Independent and I next think of East Side. Of course they do not buy in carloads and we bill them at 15¢. However, on future shipments for them we will deduct 2½% more from the paper only. It would probably be a good idea for you to advise East Side to this effect as I understand the Institute is today sending out a

special letter calling their members attention to this fact and trying to get them to place the business with the Institute. Just how you want to handle Independent I will leave up to you, but in my opinion it would be a good idea to mention to them that on future shipments they would get the advantage of this 2½%. We will watch this very close here at the mill and wherever a customer is entitled to this discount it will be put on the invoice so that neither of us will slip up in our billing. If there is anything about this subject not clear you might call me on the 'phone at our expense, but I think you will understand it, it is simply a 2½% discount from the price they are now paying, to members of the Institute only.

EXHIBIT W-42

Letter. Feb. 11, 1928. Moody to Moyer.

I enclose Osman's private list of all the members of the Institute of American Meat Packers Institute—I promised to return this list to Osman Tuesday—so please mail it back to me in Monday night's mail—I wish you would please have an extra copy made and forwarded to me for my file—this list covers the entire packing industry—with exception of a few extremely small packers who do not belong to the Institute.

Our competitor had beat me to Osman—having called on him early yesterday morning and quoted 2½% discount from the regular list. In fact if there any glory connected with being the first to advise the trade—then he get all the glory and advertising—but I was right after him in the afternoon soon as heard from you.

Osman advised me would issue a bulletin to all the member of the Institute—Monday—advising Kalamazoo and West Carrollton would allow 2½% discount on plain parchment or rather on the paper only—not on the printing.

Osman was aware that the price to the Big Four Packers was still lower than the Institute price—which only demonstrates again that our competitor talks too much—should be curbed.

EXHIBIT W-41

Letter. Feb. 11, 1928. Moody to Moyer.

You have undoubtedly had this thought—but I am going to mention it anyway—how do you suppose our mutual friends in the East are going to react to the fact—that they knew nothing—that is their Chgo end of biz knew nothing about yesterday's

incident until about 5 PM when called up to inquire about it—as one of their customers in Yards had phoned them—asking what they were going to do—rather humiliating for concern that claims to the trade that they dictate—all changes etc in the industry—Just a point I think to consider.

EXHIBIT P-93

Telegram. Feb. 12, 1928. Mayer to Cashmore.

Story thoroughly circularizing South quoting extra five to all jobbers as in East We secured Atlanta car W C on ground working February fifteen Chattanooga car reported K V P anticipate working April first car felt no disturbing effect from Storys low prices our opinion stand firm on prices generally.

EXHIBIT W-45

Letter. Feb. 13, 1928. Moody to Moyer.

I met Cashmore and Cox of Patterson Parchment Co. at Swift's and again at Armour's to-day—I did not get any orders at Swift's—buyer stated simply did not have any requisitions for butter wrappers—Cashmore asked me when I was advised of reduction in price—told him same as I told Cox over phone Friday night—that I was advised of reduction over the phone just after—noon Friday aft—Cashmore wanted to know how the discount of 2½% was applied—I told him it applied to the plain parchment only—and was to be marked on the orders—as received and deducted from invoice—when invoicing—asked Cashmore when he learned of reduction—said didnt know anything about it until reached Chgo—Saturday morning. Cox spoke up and stated that he was wiring Cashmore Friday aft—and he was on the train en route to Chgo—Cashmore said it was a mistake to cut the price—said if made Packers any further reductions might as well turn the mill over to them—they then spoke about Greenlee being worried about Storey—I had already been advised by a couple of buyers to-day—that Storey had Greenlee worried—Cox even went so far as to say that if Greenlee did not look out he would have a nervous breakdown—the above simply bears out the claim that I have been making. Greenlee has played right into the buyer's hands—showed by remarks that he was worried about Storey—showed it enough to have buyers mention it to me—I believe Greenlee's real cause for being excited was the concession Storey made to the Institute which he realized might develop into disastrous results—and I think he was jus-

tified in getting worried on this point and then on top of that he evidently noticed was losing some biz at Armour's which he undoubtedly figured was going to Storey—when it really went to us—I also understand that another thing that got him—was that Koch has been giving out some comparative tests to the trade on all the Parchment sheets—which shows Kalamazoo to be the poorest parchment sheet of all—I have been unable to find out where West Carrollton stood on these Storey tests—but anyway we are not last.

Cashmore advised me that Storey claimed to have sold a carload in New York—but that party they claimed they sold would not use a carload in two years—also stated that Storey had tied up with Andrews Paper Co. Boston Mass.

I did not converse about situation with Cashmore & Cox—let them do all the talking—I was only a salesman—Knew nothing.

EXHIBIT P95

Telegram. Feb. 14, 1928. Paterson to Cox.

Gramer reports Story WCP and KVP allowing two one half per cent on both paper and printing.

EXHIBIT K-75

Letter. Feb. 14, 1928. Southon to Howe.

In response to your letter of Feb. 10th, the Story Parchment Co. are making a great many claims for their Parchment.

It is true that they are making a good sheet of Vegetable Parchment but thus far we have not found anything in or about their sheet that was superior to the other parchments now being manufactured and whether or not it has the resisting qualities of KVP remains to be seen.

Confidentially, Parchment business is good. Last month was the best one that we ever had. This information, of course, is given to you in confidence and is not to be broadcasted. We tell it to you so that you may know that despite all the claims that are made for this new sheet, we are still in the Parchment business.

EXHIBIT P94

House Letter. Feb. 14, 1928. E. R. Leonhard to Mayer.

Told the Pork Packers to-day about the extra 2½% and the only one that mentioned the Institute was W. C. Felin, he said

that they had received word about it but of course another company was supplying the paper. I shall see him again Friday A.M. regarding Easter wrappers.

The only one that mentioned Story at all to-day, outside of the above was Miss Hewitt of Huff Paper Co. She was quite excited about it and said their prices showed savings of from 5 to 7% on cut sheets. She also said another American Manufacturer was offering a similar inducement but would not tell me who it was. Personally I think that was "apple sauce" but if I hear anything else about it I shall let you know at once. Kessler & Goldman did not even mention Story.

Goldman told me that Bossler is selling rolls in the market at 16¢ per lb. He took one order for 6 rolls at that figure last week. We are losing out on the roll business due to this.

Kessler promised me that from now on we would get his business on flat sheets (24 x36) as he is going to give up the foreign.

He still has about a months supply on hand and wants to clean it up completely before getting in a new stock of our paper. He is quite upset about credit letters from J. T. and also from the fact that he wrote to you personally about the matter and you turned it over to the credit department without a reply. I told him you were in Atlanta at the time and that was the reason. Will talk this over with J. T. when I get back.

PART OF EXHIBIT K-111.

Letter. Feb. 14, 1928. Gray to Howe.

Herewith requisition No. 1622, for Parchment Paper, for freight shipment to us at Tiffin. Kindly have same shipped to us with a minimum of delay, and oblige.

In this connection, we intend placing another order with you a little later on, and while the above may run a little short of the minimum set by your Company we will expect you to put it through at the quantity price.

EXHIBIT No. W-46.

Letter. Feb. 14th, 1928. Orchard to Moyer.

Enclosed find large sheet of Kraft which is cut out for a liner, and also small white sheet which shows the exact specifications on the liner.

The inside measurements are 15½" wide and 25½" long—the over-all measurements are 33½" wide and 43½" long. The liner is to be cut as shown by the white sample, either to be died

or cut. No doubt a die on this would be very expensive, therefore, is there some way this can be cut without going into the die end of it.

This is for the Pevely Dairy Company and they want a price on 5,000. This is a new proposition. They are going to pack butter in crates. I am sure that from the specifications you cannot misunderstand this proposition, so please wire us upon receipt of this letter what the price would be on the above quantity cut out per our specifications.

Received your letter the other day regarding the Story Parchment proposition and believe I understand everything clearly, but to be sure of it I am going to ask one question. Our present price to Independent, buying in carloads is now 14¾¢ per pound, St. Louis. Supposing Independent gave the Institute an order for a carload, is this the way it would be billed: 40,000 lb. at 15¢ per pound—$6,000.00, less 2½% from$6,000.00, or is the proposition 2½% from the cost of 14¾¢. Is it your idea that in the future that all cars we get from Independent be billed them at 15¢, allowing 2½% or should we bill at 14¾¢ less 2½% from the total of invoice. This special discount does not in any way interfere with the trade discount of 5% and the cash discount of 2%? My interpretation is that you want us to bill Independent at 15¢ less 2½% of invoice. If I am wrong, please put me right. Do you believe Story will allow the packers of the Institute to be billed at 14¾¢ and then give a special discount of 2½% from this.

I await your answer to this letter, because I am expecting to get some business from Independent in the next couple of days, and also I want to know just how to advise East Side Packing Company.

Be sure to wire me on the matter regarding Pevely as soon as you receive this letter. They are anxious to have this price and get started with this proposition at once.

EXHIBIT K106

Letter. Feb. 15, 1928. Southon to Greenlee.

It has just been brought to our attention that the Story Parchment Company have put J. F. Jelke on the same basis as the big packers.

In other words, they are to receive a price on 25 lb. Parchment of 18-¼¢ per pound, and 30 lb. Parchment of 15-¼¢ per pound, and a trade discount of 2-½%.

We, of course, will meet these prices and instead of giving J. F. Jelke a price of 18¢ on 25 lb. Parchment, and 15-¼¢. on 30 lb. Parchment, our prices will be the same as those mentioned above.

EXHIBIT K211

Letter. Feb. 15, 1928. Dohan to Southon.

Your February 10th letter received. What I meant in regard to the countries to which you desire to export was this—that I had written to Mr. Bartlett that you would write him and mentioned Argentine, Brazil and Uruguay but I expected that when you wrote Mr. Bartlett you would repeat this information as to the particular countries. When he called I was not in the office, and I gathered the impression that he was not clear about the countries although, as I say, I stated them to him in my letter.

Let me know if any further information is required, and I will do what I can.

EXHIBIT K157

Letter. Feb. 15, 1928. Southon to Greenlee.

Since we consented last Saturday to allow a trade discount of 2½% on all orders placed thru the Meat Packers Institute, we have had a number of telegrams and long distance calls from our salesmen in different parts of the country asking us to confirm the information that they have been receiving from the packers, which is that we will allow a 2-½% discount on parchment prices to all Meat Packers.

We, of course, have told them that this trade discount was given to the Institute on such orders as they received, and were placed with us.

I am beginning to believe, however, that there are a number of packers who will insist upon this discount even tho they place their orders direct with the Mills and since they are members of the Institute, I do not see how we are going to refuse them.

Another thing comes up in connection with this and that is, the salesman's commission and I think you will agree with us that you are only entitled to a selling commission on such orders that the Institute place, which are for Chicago packers.

Any orders which the Institute place with us for packers outside of Chicago, the commission or credit will go to the salesmen covering the territory where the paper is shipped.

This, of course, is only fair to all concerned, and I am sure that you will see the justice of it.

EXHIBIT P302

House Letter. Feb. 15, 1928. Mayer to Repine.

I am attaching samples of Story Parchment picked up on our Southern trip. The entire South is being circularized with these samples.

These are two accounts in your territory and we are wondering if orders have been placed by these customers with Story. It is only a few weeks ago we received an order from Page Dairy identical to the sample attached.

These may be faked runs, to be used for advertising. We think the Page Dairy Company, as well as the Ohio Dairy, should know this if these are not bona fide orders.

I think you can get this information for us in your usual diplomatic way. Confidentially we have tested the inks and they bleed in butter and in lard. We expect they will have difficulty before long if they are selling the Ohio Dairy Company.

Any information you can give us will be appreciated.

EXHIBIT P96

House Letter. Feb. 15, 1928. Mayer to Cashmore.

Effective at once 2-½% trade discount on paper only (not on printing) will be allowed on all parchment to the Big Four Packers and members of the Institute of American Meat Packers.

Where the prices include paper and printing such as on Easter Wrappers and Lard Wrappers sold by the thousand, the item must be separated as this trade discount applies on the paper only.

On Liners and Circles the 2-½% trade discount is to be deducted from the net prices.

EXHIBIT W-141

Letter. Feb. 15, 1928. Wakana Paper Co. (Karl) to Dear Miles

I finally got back on the job today, although I might tell you that I am not just feeling 100%. However, I am repeating the quotation of Geo. Krebbs, and I know it is doing a lot of good.

I note with interest your remarks in your letter of the 11th, regarding the Storey Parchment and the possibilities of having to again reduce prices in order to meet this competition. I have carefully gone over our costs and our present situation is this. Our cost today on making 37½ lb. is $139.00 per ton; not incouding the discount. Therefore, if we reduced our price to $155.00 per ton, we would have a margin of approximately $11.00 per ton. This would be entirely satisfactory only for the

fact that we cannot operate all of the time, and of course, while we have to shut down a few days each month, the overhead virtually eats us up. I am not complaining on this score, because I know you will give us all the business possible, but I am simply putting my cards face up on the table, and are perfectly willing to make this price if it is agreeable, or to act upon any suggestions you may have, for as you know we are to a very great extent depending entirely upon your operation.

I realize our competitor on this item needs business and due to the fact that he can make a profit on a large portion of the tonnage he runs, it would be natural for him to be willing to run a portion of the tonnage at practically cost, in order to keep in full operation. I do not think it is necessary for me to recite the above to you, as you are thoroughly conversant with conditions, and, in conclusion, I am going to put it up to you as indicated above and be governed entirely by your suggestions.

It is apparently impossible to reduce raw material costs. I feel confident we are buying our rag pulp for less money than the other fellow, and I know that we are buying our soda pulp, sulphite and alpha at just as good a price. In addition to this I know that our operating cost and our overhead is lower per ton of paper than the average mill, and so I can't help but feel sure that any further reduction in price made by another mill would be only for the purpose of trying to run full or trying to secure the business we have practically established.

I am leaving this entirely up to you and would be glad to have you write me fully your ideas or if you expect to be in Chicago very soon, I will be glad to go over there, or come to your mill, as you desire.

EXHIBIT W-49

Letter. Feb. 15, 1928. Moyer to Orchard.

Just received your letter of the 14th with reference to Pevely Dairy and we wired you as per enclosed copy. This quotation is the regular price for Parchment plus 2¢ for die cutting, or as you may term it, "putting the slits in the sheet." This is the largest died out liner we have ever went up against and I don't know whether we could make a die for it, also, with our press saw that we sometimes use for slitting we could not work a sheet of this size. However, we don't want to see this business get to anyone else so we will make these 5,000 liners and cut them out by hand. That will be just as good and possibly a little better

than if they were cut out with a die. We make a pattern and then use a knife made for this purpose. Of course, if this business is going to run up into any tonnage we will have to work out some other proposition, but first lets get and make this order for 5,000 and then if we find the business is going to increase I will have to work out some way to cut them other than by hand. Now with reference to Storey Parchment and prices for Independent and East Side Packing. First let's take Independent who buy in cars. Now if you secure an order for a car the price will be 14¾¢ per pound, less 2-½%. Of course, if they don't buy a straight car and only want a local freight shipment then the price is 15¢ per pound, less 2-½%. On the East Side, who never buy in carloads, your price today is 15¢ per pound. The new price will be 15¢ less 2-½%. The above quotation in no way interferes with our private arrangement as to trade and cash discount.

I hope this is now clear and just want to add that on carloads, as I understand it, our price is better than Storey's because they have quoted on cars 15¢ less 2-½%.

Replying to your letter of the 14th with reference to order No. 8036, rolls for your bag machine, this paper will be shipped to you tomorrow, the 16th, and the writer will be very much interested in knowing how it works out. I want to work with you on this proposition and get all your Parchment requirements for bags. In turn all inquiries we receive for bags that you can make will be turned over to you for attention.

EXHIBIT W-47

Letter. Feb. 15, 1928. Moody to Moyer.

Was advised to-day that Patterson is looking for a salesman—that would have a entree to the Stock Yards trade in Chgo—Wants a man to devote entire time in Yards—this information came from party Cashmore talked to while here.

EXHIBIT W-48

Letter. Feb. 15, 1928. Moody to Moyer.

Jelke will give us an order to-morrow.

The price made to Jelke as I explained over phone to you one hour after I did it—and also in correspondence since—was a blunder due to misunderstanding of how far the reduction in price applied—I did not deliberating cut the price—it was an error—you know I never cut a price to anyone unless I am authorized to do so—or to meet a competitors price.

EXHIBIT K 107.

Letter. Feb. 16th, 1928. Greenlee to Southon.

Replying to your letter of Feb. 15th with reference to our commission on orders placed with us thru the Institute Equipment & Supply Co., the Buying Organization for the Institute of American Meat Packers.

We didn't expect to receive any commission on orders placed thru the Institute, except orders from our own customers.

I was very fortunate indeed yesterday to receive one of the price bulletins sent out by Mr. Osman under date of Jan. 25th and which outlines their arrangements with the Story Parchment Co.

Mr. Osman sends out these bulletins on cards, so that the Buyer can keep them in his card index; so return this card when you are thru with it, as I must return it to the party who loaned it to me.

You say that you believe there are a number of Packers who will insist on this 2-½% Trade Discount even though their orders are placed direct with the Mills, and they are Members of the Institute.

When I called to see Mr. Miller of Hately Bros. yesterday, he was all posted on this discount and confidentially it was Mr. Miller, who loaned me this card.

Mr. Miller stated that he preferred to place his orders direct with us, but that if it was necessary to place it thru the Institute in order to get this 2½% discount, he would do so.

How are you to know that a Packer is a Member of the Institute, if the orders do not come thru the Institute?

Mr. Eaton called to see Mr. Osman yesterday and Mr. Osman was pretty much upset, as Mr. J. B. Rogers, the General Purchasing Agent for Swift & Co., attended the meeting yesterday and told Mr. Osman that the Parchment Manufacturers were giving Swift & Co. their original ¼¢ per lb. special price reduction, as well as this 2-½% Trade Discount.

Mr. Osman was pretty sore that we were giving our Big Packers a better price than we were giving the Institute and intimated that we hadn't heard the last of these low prices, and wanted to bet Mr. Eaton a suit of clothes that within the next 60 days, there would be a further decline in price.

Mr. Eaton was shown records proving that the Geo. A. Hormel Co. placed an order with the Story Parchment Co. thru the Institute on the 6th for a straight carload of Parchment.

The prices governing this carload order were as follows:

For 30 lb. stock	15-¼¢ per lb.
For 40 lb. stock	14-¾¢. per lb.
Less 2-½% Trade Discount.	

Mr. Osman asked Mr. Eaton yesterday whether we would also give the ¼ ¢ per lb. concession on straight carload orders, in addition to the 2-½%. Would we?

It would appear that all "three we independent Parchment Manufacturers" have been hit by the new trust; as Paterson's lost the Oscar Mayer & Co.'s carload order; West Carrollton's lost the Armour's carload order and here you have lost the Geo. A. Hormel Co.'s carload order, and a bungalow and a warehouse were blown up by bombs lasts evening. I am sure glad that it was not the Institute or the Story Parchment Co.

Please be sure to return the attached card, after it has served your purpose.

EXHIBIT P-301

House Letter. Feb. 16th, 1928. Repine to Mayer.

Today's mail brot me your house letter of yesterday with samples of The Page Dairy Co. and The Ohio Dairy Co. wrappers.

I am firmly convinced that these wrappers do not indicate that either of the above firms have placed orders with the Story Co. at this time. I can, of course, be mistaken. First we have an understanding with The Page Dairy Company that we shall maintain stock for them, which arrangement writer entered into with your sanction. This has not been cancelled and I hardly believe that The Page Dairy Co. would place any orders for their roll wrappers without first advising us.

Then as you have noted, The Ohio Dairy Company paced a comparatively recent order for 300M wrappers. These will last them some time into the future and I hardly believe again that they would place a future order at this time, not knowing what may develop by that time when they may be in the market for more parchment.

I have heard that there are Toledo men interested in the Story Parchment Company. This I heard while attending the Ohio Dairy annual meeting at Toledo the latter part of January.

While at that meeting, Mrs. Harry Berry (wife of the manager of The Ohio Dairy Co.) told me that one of their best friends had invested in the Story business. She mentioned the name but it was noone connect—with the Dairy business. Undoubtedly there will be considerable pressure brot to bear on both Page and Ohio by those who are interested at Toledo in the Trenton business.

While at the meeting referred to I met Mr. Lewis Frank of Detroit who is representing Story. He made the statement that Mr. Cushell of K. had been cutting up over in Michigan about Detroit. I asked what he meant by cutting up and he said "Quoting Wholesale Prices Freely" and later "Shooting Off Considerably About a Lot of Things He Knew Nothing Of." From what I was able to gather they were somewhat personal and therfore not of interest to us further.

You know of their connection with the Institute of American Meat Packers. I have your letter of the 14th relative to the 2½ per cent discount to members of the Institute. The latter have also circularized the trade very thoroughly on the subject of parchment. I was told today that Story are quoting 15 cents on 30 lb. paper and 14-⅝ on 40 lb. and 50 lb. The letter had been destroyed. This was at Edw Hahn's at Johnstown.

There are a couple of sample attached which were picked up also today. This is the first of their product that I have seen for a long while though I have been on the lookout. It will probably be more in evidence from now on as they seem to be getting launched on their advertising.

I am very glad to have the samples you sent and will endeavor to learn more at an early date.

Are the Meat Packers being advised of the 2½ per cent discount?

EXHIBIT K-77

Letter. Feb. 17th, 1928. Greenlee to Southon.

Referring further to Mr. Kindleberger's, letter of February 10th, written in reply to my letter of the 9th, on the subject of prices being quoted by the Story Parchment Co.

We are giving the following Packers this 2-½% Trade Discount, in addition to the ¼¢ per lb. allowance we already make them as follows:

Armour & Co.,
Cudahy Packing Co.,
Swift & Co.,
Libby, McNeil & Libby (A Swift & Co. Plant)
Wilson & Co.,
Roberts & Oake,
Miller & Hart,
Allied Packers, Inc.

We haven't given this 2-½% Trade Discount to the A. H. Barber-Goodhue Co., for they haven't asked for it, and this Creamery Association has not really started to function.

We are already giving the A. H. Barber-Goodhue Co. an inside price, so isn't it advisable to withhold this 2-½% Trade Discount from them until we see just what we are up against?

I was very much in hopes that the Packers mentioned above, getting both the ¼¢ per lb. allowance and the 2-½% Trade Discount would keep the ¼¢ per lb. allowance strictly to themselves, but as I wrote you last evening, Mr. Rogers, the General Purchasing Agent for Swift & Co., has told Mr. Osman that they were getting this ¼¢ per lb., in addition to the 2-½%, and naturally Mr. Osman is quite provoked, for he has been feeling pretty cocky, in that he has been able to give the Members of the Institute prices even better than the Big Packers were paying, and I imagine he is going to make every effort to get the Story Parchment Co. to make the Member Companies the same proposition that we now make these Packers above mentioned, and in which case practically every Packer would be getting the same prices.

Now, if Swift & Co. "tip their mit" as they apparently have, would almost make one believe that they do not appreciate getting an inside price.

I am going to speak to Mr. Gramer of Swift's about this matter this afternoon and it will all depend on what he says as to what I say to Mr. Rogers.

My Trade have been feeling exceptionally good towards us since we gave this 2-½% Trade Discount, in addition to the ¼¢ per lb. allowance, and the writer personally does not care how Mr.

Osman feels, for this feeling of his isn't towards us any more than it is towards West Carrollton's or Paterson's.
It is a great world any way, isn't it?

EXHIBIT K-78
Letter. Feb. 17, 1928. Kushell to Southon.
Was out to the Detroit Packing Company to-day and I saw a letter from the Institute together with a sample of our Easter wrapper that they are sending out to the Packing Industries.
They are quoting a price of 14-5/8¢ per lb. for the paper and the Printing prices are the same as our list. This is 3/8¢ less than our price list.
Tell me how they can do it.

EXHIBIT K108
Letter. Feb. 17, 1928. Greenlee to Southon.
Mr. Koch of the Story Parchment Co. has made several visits to the Great Atlantic & Pacific Tea Co. and has now offered them this 2-½% trade discount on any business they may place with the Story Parchment Co.
Mr. Gruber, the buyer here, is very much afraid that if he continues to place orders with us on the old basis, which is the wholesale price less one-quarter cent per pound, and the Story Parchment Co. make their Jersey City plant (which are headquarters) this special price, and the Jersey City plant take advantage of their offer, that they will again insist that all of these orders be placed through Jersey City.
Mr. Koch has made better than half a dozen trips to the Beatrice Creamery Co., and has made four trips to the Blue Valley Creamery Co. I do not know what he has offered them, but I am just a little afraid that if we don't make these two the special 2-½% trade discount now, that we will have to later on, and I almost feel that in these two instances it would be to our advantage to make the concession voluntarily, rather than to be forced to make it.
What would you advise?
Awaiting your reply,

EXHIBIT K109
Letter. Feb. 17, 1928. Southon to Greenlee.
We have your letter of Feb. 16th with reference to the Institute Equipment and Supply Company.

The card which they sent out under date of Jan. 25th, relative to their arrangements with the Story Parchment Company, we are returning herewith and I suppose similar cards were mailed out last Friday or Saturday making the same statements about KVP and other parchments.

I was interested in the conversation you had with Mr. Miller of Hately Brothers because we find already that a number of packers are taking the same attitude as Mr. Miller.

They feel that they should have this 2½% discount whether they place their orders thru the Institute or not and I understand that practically all of the parchment manufacturers have conceded this point.

Since there are about 350 members of the Institute, it means that practically all packers will be receiving this special trade discount.

In answer to your question as to whether one buying a straight carload of parchment would be entitled to the special reduction of ¼¢ per pound as well as the trade discount of 2½%, I would say that they would. The ¼¢ per lb. differential for carload quantities, of course, only applies on orders for straight carloads to be shipped at one time.

This is the regular differential and I do not believe should be affected by the trade discount of 2½%.

I am going to leave next Tuesday noon for New York and will be gone the balance of the week. Mr. Kindleberger will probably be back in Kalamazoo about Friday. If anything special comes up, get in touch with Mr. Christy and he in turn will get in touch with us in New York.

Dft's Exhibit S-18 and Exhibit K-83-B

Letter. Feb. 17, 1928. Story Parchment Co. to Gentlemen

The Story Parchment Company presents to the Members of the Institute our Easter Vegetable Parchment wrapper. We invite comparison of this wrapper, its printing and its beauty of design with any other Easter wrapper which has been submitted to you.

The Story Parchment Company was the first to approach the Institute with a plan for giving its members the advantage of collective buying of Vegetable Parchment.

We deserve your business. You will get our immediate attention to your needs. Your order for a quantity of Easter wrappers will receive quick service. We would be pleased to enter an order for your regular Vegetable Parchment demands and show you our superior printing and paper on your own design.

Story Easter Wrapper is furnished in two sizes, 28 x 32 and 16 x 28.

The prices include both parchment and printing. Either color combination can be furnished.

Size of Wrapper	1,000	2,000	3,000	6,000	12,000	24,000	48,000
28 x 32	$21.15	$20.40	$19.65	$18.75	$17.85	$16.95	$16.05
16 x 28	10.74	10.37	9.99	9.54	9.09	8.64	8.24

These prices are subject to a 2½% trade discount for the Institute members. The orders must be placed through the Institute.

EXHIBIT P308

Letter. Feb. 17, 1928. Mayer to Repine.

We have just read your most interesting report of February 16th regarding Story Parchment. It does seem that Ohio Dairy and Page Dairy have good reason for complaining to the Story Parchment Company. This is indeed a direct misrepresentation.

Kindly keep us advised at all times of any new developments and whenever you run across samples be sure and send them to us.

Regarding the 2-½% trade discount, we are sending you a separate house letter supplementing our recent letter on this ruling regarding the pork packing trade. We are not advising the pork packers of this 2-½ percent trade discount. As each order comes in we are automatically marking each acknowledgment "less 2-½% trade discount". They all know about it since the Institute has notified them of such a price and the packers know that we will meet any cut prices that our competitors may offer.

EXHIBIT P307

House Letter. Feb. 17, 1928. Mayer to Mayer

Supplementing our house letter of February 15th, the 2-½% trade discount will now apply on both the paper and printing; in other words, the term "less 2-½% trade discount" will appear on the acknowledgments instead of "less 2-½% trade discount on paper only."

EXHIBIT P321A.

Letter. Feb. 17, 1928. Cox to Allied Packers Inc.

We are pleased to advise that effective February 10th, our prices to you will carry a Trade Discount of 2½% Our usual cash discount of 2% in ten days will of course continue to apply also. Any unfilled orders you have with us will be billed with this 2½% Trade Discount showing.

EXHIBIT W-142

Letter. Feb. 17, 1928. Moyer to Dear Karl (Simonton):

With reference to a reduced price on Waterleaf. As I take it from your letter of the 15th you feel that it is possible to make a price of $155.00 per ton, in other words on the 37-½ lb. basis your price will be 7-¾¢ instead of 8¢ as heretofore. I notice you did not say anything about the 26-28 lb. but presume you intended to make a corresponding reduction on this weight because the reduced price which we had to give out to all members of the Institute (and by the way this is growing to other customers) applied on all weights, not only the heavy weight, so if satisfactory I suggest that you start billing the 25–28 lb. at 8-¼¢ and the 37-½ lb. at 7-¾¢. If my supposition is not correct will you kindly take this up with me further.

It goes without saying that we appreciate this co-operation and if at anytime we find we can pay more for this material we will come to you with the advance just as promptly as we asked for the reduction.

EXHIBIT K-79

Letter. Feb. 18, 1928. Southon to Greenlee.

In response to your letter of Feb. 17th with reference to the above mentioned subject, it was Mr. Kindleberger's opinion that we should give the A. H. Barber Goodhue Co. the benefit of this 2½% trade discount, and to a very large extent your original letter on this subject was responsible for his attitude and since this trade discount was put into effect a week ago, we have been giving the A. H. Barber Goodhue Co. the benefit of it on all orders received, so they already know about this and I think, perhaps, it just as well that they should have it, as they are really one of our very few good creamery supply distributors.

It is too bad that Mr. Rogers of Swift & Co. should have felt it necessary to tell Mr. Osman just what they were getting, altho I dare say Mr. Osman is kept pretty well posted. It is almost impossible these days to keep anything quiet very long.

There is just one thing for us to do and that is to keep our eyes and ears wide open and to let nothing escape us and we are looking to you to keep us well posted on the situation in Chicago.

EXHIBIT K110

Letter. Feb. 18, 1928. Southon to Greenlee.

I have your letter of Feb. 27th relative to the above mentioned subject.

I am not surprised to learn that the Story Parchment Company have offered the Great Atlantic and Pacific Tea Company, a trade discount of 2½% on any business they may place with them.

However, I doubt if they are giving them the ¼¢ per lb. as we have been doing for some time past so if you find it necessary to give the A and P a 2½% trade discount, instead of ¼¢ off the regular wholesale price, you may do so but I imagine before they are ready to place any more orders, we will have something further for you as far as the A & P are concerned.

With reference to the Blue Valley Creamery and the Beatrice Creamery, I question whether we should offer them this special 2½% trade discount right now, for I am inclined to believe if we offer it to them that the Story people will offer them just a little bit more and it seems to me that you are close enough to both of these Creameries to be able to hold this business, just as long as we are willing to meet any prices made by the Story people.

Don't misunderstand me, it is not our intention to lose the parchment business of either of these Companies for the sake of 2½%, but it occurs to us that we, perhaps, would be just as well off if we did not offer them the trade discount right now, but you can in a quiet and friendly way, let them know that we would meet competitive prices.

EXHIBIT K111

Letter. Feb. 18, 1928. Howe to Southon.

You will probably want to fire me for bringing up this matter again, but here is a letter and an order from the above company which has been lying here on my desk for a couple of days while I have been out of town.

Our friends in Trenton have been making a strong play to get this company's business away from us and I imagine that they would not hesitate to put this company on a straight wholesale basis regardless on the minimum quantity of one ton which we must have to allow a poultry packer the jobber's price.

I expect to see Mr. Gray Monday at the butter and egg convention in Columbus and if we cannot fill this order at the distributor's price please wire me at the Neil House early Monday and I will see what can be done about it.

EXHIBIT K197

Letter. Feb. 18, 1928. Dohan to Kindleberger.

Your letter received, and no doubt it escaped your attention that February 22d is Washington's birthday.

On this supposition, I will make a date of February 23d, at 10.00 A.M., at the McAlpine Hotel in the room that either you or Moyer may have. Suppose we meet in the lobby at, say, quarter past ten.

I am notifying Mr. Moyer and Mr. Cashmore to this effect.

I am going to stay over to the banquet on the 23d, and this appointment will admirably suit me.

EXHIBIT P321

Letter. Feb. 18, 1928. Cox to Cashmore.

I attach List of Members of the Institute of American Meat Packers. The names we have checked are those to whom we are sending notice of the 2½% reduction

You will note there are quite a few names of packers in this section that we have not checked. For the most part these packers to our knowledge for one reason or another do not use parchment. For example the first one on the list Agar Packing & Provision Company are strictly beef packers. In like manner I think you will find there are a number of eastern members listed to whom you will not want to send our notice.

Please note that I have not sent any notice to the Pacific Coast Division members.

Now with regard to how the 2½% is to be applied, whether to paper only, or to paper and printing complete. I talked to Gramer again yesterday and also today and he insists that he has been told by all three of our competitiors that this 2½% applies on paper and printing complete, and further, that the parchment orders he has placed with our competitors are priced by him in this way. He tells me there can be no possibility of a mistake on his part because he checked the matter in as plain English as he is capable of and he was told as I have said that 2½% to Swift applies on both paper and printing.

You will remember my asking Mr. Armstrong of Cudahy Packing Co., as to his understanding and he said he understood the discount applied on paper only. In like manner, I put the same question to Mr. Lovelace of Armour & Company, and Mr. Lovelace also said he understood it to apply on paper only. He added, however, that on some orders going to KVP for such as printed

butter wrappers where there was a single price for paper and printing cmplete, he asked how they were going to divide the paper from the printing so that the 2½% would apply only on the paper, and he was told simply to mark 2½% off the complete price and that probably is the way the items would be billed. To make myself clear—that would mean the discount would apply on paper and printing complete. On Armour smoked meat wrapper orders, Lovelace continues to show less 2½% from the paper price and then he adds plus printing.

Today I had a session with Mr. Harry Osman of the Institute of American Meat Packers, and incidentally he said to me that we might just as well get ready for another bump because he was going to be in position to advise his members of a further concession within thirty days. He was very mysterious about all this and I rather formed the opinion he was referring to something Story had promised him. He went on to say that he was placing all parchment orders that came to him to Story for he considered them responsible for this latest saving to the Institute Members.

What I started to get at in speaking of my visit with Osman is that I asked him if we were correct in our understanding that 2½% applied on paper only and he said that was correct.

Now then, Gramer of Swift is the only one of those I have mentioned that has the understanding that the 2½% applies on both paper and printing. You might gather as I did that Gramer had a misunderstanding but I went back at him two or three times and he even asked our competitors once more for my satisfaction and then called me on the phone to say that his understanding was correct.

It may be that our competitors have made an exception of Swift & Company and to all others are giving this 2½% on the paper only. Therefore I will be very much interested in any advice you can give me on this subject.

P. S. The notice we are sending out is as you heard me dictate here in the office, and I am attaching a copy. Our customers would interpret this notice as 2½% applying on both paper and printing. However, if we find that this should not be correct we probably could explain to our trade that we meant paper only particularly as we say nothing whatever about printing.

MEMBERS INSTITUTE OF AMERICAN MEAT PACKERS

A

EXHIBIT 321B

Agar Packing & Provision Co., 4057 South Union Avenue, Chicago, Ill.

Albany Packing Company, Inc., West Albany, New York.

Allied Packers, Inc., 3830 South Morgan Street, Chicago, Ill.

J. H. Allison & Co., Middle Street, Chattanooga, Tenn.

American Packing Company, 3842 Garfield Ave., St. Louis, Mo.

American Packing & Provision Company, Ogden, Utah.

Arabi Packing Co., Inc., P. O. Box No. 2, Arabi, Louisiana.

Arbogast & Bastian Company, Inc., 1-19 Hamilton St., Allentown, Pa.

Arizona Packing Company, Tempe Road, Phoenix, Arizona.

Armour and Company, Union Stock Yards, Chicago, Illinois.

Armstrong Packing Company, South Cockrell Avenue, Dallas, Texas.

Arnold Brothers, Inc., 660 West Randolph Street, Chicago, Illinois.

N. Auth Provision Company, 623 D. Street, S. W., Washington, D. C.

B

Balentine Packing Company, 208 East Court Street, Greenville, S. C.

Banfield Bros. Company, Tulsa, Oklahoma.

Batchelder & Snyder Company, 55 Blackstone Street, Boston, Mass.

The Joseph Baum Packing Co., 3rd and Central Aves., Kansas City, Kansas.

J. H. Belz Provision Company, 3601 South Broadway, St. Louis, Mo.

Beste Provision Company, Inc., Liberty & Logan Streets, Wilmington, Dela.

Birmingham Packing Company, 2100 Morris Avenue, Birmingham, Alabama.

Blayney-Murphy Company, P. O. Box "B", Denver, Colorado.

Blumenstock & Reid Company, Union Stock Yards, Cleveland, Ohio.

Blumer-Sartain Packing Company, Columbus, Ohio.

Brennan Packing Company, 3916 Normal Avenue, Chicago, Ill.

E. Bucher Packing Company, 38th & Commercial Ave., Cairo, Ill.
Louis Burk, Inc., Girard Ave. and Third St., Philadelphia, Pa.
The Henry Burkhardt Packing Company, P. O. Box No. 965, Dayton, Ohio.
C. A. Burnette Company, 936 W. 38th Place, Chicago, Ill.
P. Burns & Company, Ltd., East Calgary, Calgary, Alberta, Canada.
The Butzer Packing Company, Salina, Kansas.

C

The Canton Provision Company, Carnahan Ave. & Pennsylvania R.R., Canton, Ohio.
Chamberlain & Company, Inc., 24 South Market St., Boston, Mass.
The Cleveland Provision Co., 2527 Canal Road, Cleveland, Ohio.
The Columbus Packing Co.. Inc., P. O. Box 1393, Columbus, Ohio.
Consolidated Beef & Provision Co., 102-104 So. Exeter St., Baltimore, Md.
Corkran, Hill & Co., Inc., 6th St. and Wilkens Ave., Baltimore, Md.
Cox & Gordon Packing Co., 1019 South Third Street, St. Louis, Mo.
Crocker Packing Company, Joplin, Missouri.
Cross, Roy, Eberhart & Harris, Room 630, 140 West Van Buren St., Chicago, Ill.
Cudahy Brothers Company, Cudahy, Wisconsin.
The Cudahy Packing Company, 111 West Monroe Street, Chicago Ill.

D

William Davies Co., Inc., 4101 South Union Avenue, Chicago, Ill.
Jacob E. Decker & Sons, 15th Street, Northeast Mason City, Iowa.
J. M. Denholm Brothers & Co., 5th and Frankstown Ave., Pittsburgh, Pa.
Detroit Packing Company, 1120 Springwells Ave., Detroit, Michigan.
Jacob Dold Packing Company, 745 William Street, Buffalo, N. Y.
Drummond Packing Company, Box 37, Eau Claire, Wisconsin.

Dryfus Packing & Provision Co., First and Ellsworth Sts., LaFayette, Ind.

Dunlevy-Franklin Company, 6500 Hamilton Avenue, Pittsburgh, Pa.

C. A. Durr Packing Company, Inc., Utica, New York.

E

East Side Packing Co., 2d St. and Lynch Ave., East St. Louis, Ill.

East Tennessee Packing Company, P. O. Box 676, Knoxville, Tenn.

Eckert Packing Company, Inc., 1600 Corydon Road, (P. O. Box 56), Henderson, Ky.

Elliott and Company, Box No. 458, Duluth, Minn.

Emmart Packing Company, Inc., Louisville, Kentucky.

F

The Federal Packing Company, 3207 West 65th Street, Cleveland, Ohio.

John J. Felin & Co. Inc., 4142-56 Germantown Ave., Philadelphia, Pa.

Fergus Co-operative Packing Co., Lincoln Ave., West, Fergus Falls, Minn.

F. A. Ferris and Co., Inc., 262 Mott Street, New York, N. Y.

Field Packing Company, P. O. Box 493, Owensboro, Kentucky.

Henry Fischer Packing Co., Inc., 1860 Mellwood Ave., Louisville, Ky.

Fischer Meat Co., 415 Morgan Street, St. Louis, Mo.

The Wm. Focke's Sons Co., Box 1002, Dayton, Ohio.

Foell Packing Company, 3117 West 47th Street, Chicago, Ill.

Jacob Forst Packing Company, Kingston, N. Y.

Frank and Company, Milwaukee, Wisconsin.

The Frank Sausage Company, Toledo, Ohio.

L. A. Frey & Sons, Inc., 3925 Burgundy St., New Orleans, La.

Fried & Reineman Packing Co., East Ohio St., Box 560 N. S. Station, Pittsburgh, Pa.

Fuhrman & Forster Company, 1839-43 Blue Island Ave., Chicago, Ill.

D. Fullerton & Co., 306 River Street, Paterson, New Jersey.

Fulton Packing Company, 820 Fulton Street, Chicago, Illinois.

G

John A. Gebelein, Inc., 731-43 N. Castle Street, Baltimore, Md.
Gelinsky Packing Co., 269 Yamhill Street, Portland, Oregon.
Gerst Brothers Packing Co., 3801 Lucky St., St. Louis, Missouri.
Adolf Gobel, Inc., Morgan & Flushing Aves., Brooklyn, New York.
E. Godel & Sons, Foot of South St., Peoria, Illinois.
Great Falls Meat Co., Great Falls, Montana.
The Greenwald Packing Corporation, Union Stock Yards, Baltimore, Md.
Guggenheim Bros., Union Stock Yards, Chicago, Illinois.
Gunsberg Packing Co., Inc., 2380 Twentieth St., Detroit, Michigan.

H

The Habermann Provision Company, Cleveland, Ohio.
Edward Hahn, Hickory St., & B. & O. R.R., Johnstown, Pennsylvania.
Hammond-Standish Company, Detroit, Michigan.
Harrisburg Abattoir Co., Seventh and Sayford Sts., Harrisburg, Pa.
Hately Brothers Company, R. 50-51 Board of Trade, 141 W. Jackson Blvd., Chicago, Ill.
Geo. Hausmann & Sons, Inc., 5111 Westminster Ave., Philadelphia, Pa.
Heil Packing Company, 2216 LaSalle Street, St. Louis, Missouri.
Hetzel & Company, 1737-1815 Larrabee Street, Chicago, Illinois.
The Hildebrandt Provision Co., 3620 Clark Ave., S. W., Cleveland, Ohio.
J. S. Hoffman Company, 322 W. Illinois St., Chicago, Ill.
A. C. Hofmann & Sons, 315 Free Street, Syracuse, New York.
Home Packing & Ice Company, First & Chestnut Streets, Terre Haute, Indiana.
Geo. A. Hormel & Company, Austin, Minnesota.
Houston Packing Company, Engelke & Roberts Sts., Box 1737, Houston, Texas.
Hughes, Curry Packing Co., 2000 West 8th Street, Anderson, Indiana.
The Hughes Provision Co., 3199 West 65th St., Cleveland, Ohio.
The Hull & Dillon Packing Co., Box 426, Pittsburgh, Kansas.
J. C. Hutton, Ltd., Wellington, New Zealand.

I

The Ideal Packing Company, 2141 Baymiller Street, Cincinnati, Ohio.
Illinois Meat Company, 3939 Wallace Street, Chicago, Illinois.
Indianapolis Abattoir Corporation, Morris & Drover Sts., Indianapolis, Inc.
International Provision Company, 33-39 Degraw Street, Brooklyn, New York.
International Products Corp., 17 Battery Place, New York, N. Y.
Interstate Packing Company, East End Eighth Street, Winona, Minnesota.

J

Jones Dairy Farm, Fort Atkinson, Wisconsin.

K

The E. Kahn's Sons Company, 519 Livingst a. St., Cincinnati, Ohio.
The C. Kalbitzer Packing Co., 4128 Water Street, Wheeling, W. Va.
T. T. Keane Company, Inc., 619 B. Street, N. W., Washington, D. C.
The Keefe-LeStourgeon Company, 204 So. Summit Blvd., Arkansas City, Kansas.
Kerber Packing Company, Elgin, Illinois.
George Kern, Inc., 40th St. & Eleventh Ave., New York, N. Y.
The Kimball & Colwell Co., 459 Washington St., Providence, R. I.
Kingan & Co., Inc., Blackford Street, Indianapolis, Indiana.
Kohrs Packing Company, 1337 West 2nd Street, Davenport, Iowa.
Krey Packing Company, 2100 Bremen Avenue, St. Louis, Mo.
Kuhner Packing Co., Inc., North Elm and 13th Sts., Muncio, Indiana.
Ch. Kunzler Company, 652 Manor Street, Lancaster, Pa.

L

The Lake Erie Provision Co., 3112 West 63rd St., Cleveland, Ohio.
T. L. Lay Packing Company, 400 East Jackson Avenue, Knoxville, Tenn.
The Layton Company, Muskego Ave., Foot of 13th St., Milwaukee, Wisconsin.

Lincoln Packing Company, P. O. Box 1276, Lincoln, Nebraska.
Little Rock Packing Co., P. O. Box 465, Little Rock, Arkansas.
A. Loffler Provision Co., Inc., Benning, D. C.
Henry Lohrey Company, 2234-44 East St., N. S. Pittsburgh, Pa.
Lohrey Packing Company, 2827 Massachusetts Ave., Cincinnati, Ohio.
Louisville Provision Co., 914 East Market St., P. O. Box 2, Louisville, Ky.
Luer Bros. Packing & Ice Co., 701-19 East Broadway, Alton, Illinois.

Mc

J. T. McMillan Company, "M" Commercial Station, St. Paul, Minnesota.

M

Maescher & Company, 1750-56 Central Ave., Cincinnati, Ohio.
Major Brothers Packing Co., South Logan St., Mishawaka, Indiana.
Harry Manaster & Brother, 1018-30 West 37th St., Chicago, Illinois.
A. H. March Packing Company, 139 Front St., Bridgeport, Montgomery Co., Conn.
Oscar Mayer & Co., Inc., 1241 Sedgwick Street, Chicago, Illinois and Madison, Wis.
Meier Packing Company, 577 West Ray St., Indianapolis, Indiana.
The J. H. Meyer Packing Co., Linn St. & Central Ave., Cincinnati, Ohio.
Louis Meyer Co. Inc., 1125 Wyckoof Avenue, Brooklyn, New York.
Mickelberry's Food Products Co., 801-11 West 49th Place, Chicago, Ill.
C. W. Miller Company, 32 South 2nd Street, Newark, Ohio.
Miller and Hart, 46th and Packers Ave., Union Stock Yards, Chicago, Ill.
John Morrell and Company, Hayne St. and Iowa Ave., Ottumwa, Iowa.
Morris and Company, Union Stock Yards, Chicago, Illinois.
The Henry Muhs Company, 41 Central Avenue, Passaic, New Jersey.
Mutual Sausage Company, 3247 West 47th Street, Chicago, Illinois.

N

D. E. Nebergall Meat Co., Inc., P. O. Box 188, Albany, Oregon.
Neuer Brothers Meat Co. 1326-28 Main St., Kansas City, Missouri.
Neuhoff Packing Company, 1308 Adams Street, Nashville, Tenn.
New York Veal and Mutton Co., 760 First Ave., New York, N. Y.
North Packing and Provision Company, P. O. Box 5247, Boston, Mass.
North Side Packing Co. Inc., 2200 Spring Garden Ave. N. S., Pittsburgh, Pa.
Northern Packing Company, Grand Forks, North Dakota.
The Nuckolls Packing Co., P. O. Box 861, Pueblo, Colorado.

O

Oakland Meat and Packing Company, Union Stock Yards, Oakland, California.
The Ohio Provision Co., Clark Ave. & Big Four R.R., Cleveland, Ohio.
Oleander Packing Co., 61st and Broadway, Galveston, Texas.
Oswald & Hess Company, Inc., 1314 Spring Garden Ave., Pittsburgh, Pa.

P

Pearl Packing Company, Inc., 710-715 North West Street, Madison, Indiana.
E. W. Penley, 37 Knight Street, Auburn, Maine.
Perry Packing Company, Perry, Iowa.
John Peters, 1320 E. Third Street, Williamsport, Pa.
Peters Packing Company, Rose Street, McKeesport, Pa.
Peyton Packing Co., P. O. Box 106, El Paso, Texas.
Philipsburg Beef Company, Centre County, Philipsburg, Pa.
Jos. Phillips Co., 10 Wholesale Row, Washington, D. C.
Pittsburgh Provision & Packing Co., Herrs Island, Pittsburgh, Pa.
E. K. Pond Company, 3327 West 47th Place, Chicago, Illinois.
Power Packing Plant, 1101 First Avenue, No., Nashville, Tenn.
Powers-Begg & Company, Johnson and Center Streets, Jacksonville, Ill.

R

The Rath Packing Co., Elm and Sycamore Sts., Waterloo, Iowa.
Reading Abattoir Co., 216-232 Pine Street, Reading, Pa.
Louis H. Rettberg & Company, Baltimore, Md.

Reynolds Packing Co., South Fifth St., P. O. Box 346, Union City, Tenn.
C. E. Richard and Sons, Muscantine, Iowa.
Roberts & Oake, 45th St. and Racine Ave., Union Stock Yards, Chicago, Ill.
Rochester Packing Co., Inc., 900 Maple Street, Rochester, N. Y.
Rohe & Brother, 527-43 West 36th Street, New York, N. Y.

S

St. Louis Independent Packing Co., 3817 Chouteau Ave., St. Louis Mo.
The A. Sander Packing Co., 1024 Gest Street, Cincinnati, Ohio.
Sartorius Provision Co., 2732 Aresnal St., St. Louis, Mo.
Scala Packing Company, Utica, New York.
Schaffner Brothers Co., 15th and Reed Sts., Erie, Pennsylvania.
The Wm. Schluderberg-T. J. Kurdle Co., Baltimore St., Fifth to Seventh, Baltimore, Md.
J. Fred Schmidt Packing Co., 253 East Kossuth St., Columbus, Ohio.
Schrauder and Company, Monroe, Michigan.
The J. & F. Schroth Packing Co., Cormany Ave. and Township St., Cincinnati, Ohio.
Schussler Packing Co., Indianapolis, Ind.
Seltzer Packing Company, Water and Temple Sts., Pottsville, Pa.
Shenandoah Abattoir Co., Market and Poplar Sts., Shenandoah, Pa.
Joseph R. Shimer Co., 16 First St., Phillipsburg, N. J.
Sidney Packing Company, Sidney, Ohio.
Sieloff Packing Company, St. Louis, Mo.
T. M. Sinclair & Co., Ltd., South Third St., Cedar Rapids, Iowa.
John T. Squire & Co., 165 Gore St., Cambridge, Mass. (Address mail to Box 5325, Boston, Mass.)
Otto Stahl, Inc., 170 East 127th St., New York, N. Y.
Standard Packing Co. Inc., RFD 2, Box 10, E. Vernon Ave. & Santa Fe R.R., Los Angeles, California.
The Sugardale Provision Co., P. O. Box 276, 1018 McKinley Ave., S. W., Canton, Ohio.
The F. C. Stedman Co., P. O. Box 506, Athens, Ohio.
Anton Stolle & Sons, 40 Liberty Ave., Richmond, Indiana.
The Chas. Sucher Packing Co., P. O. Box 975, Dayton, Ohio.
Sullivan Packing Company, 2590 Beecher Ave., Detroit, Michigan.

C. Swanston & Son, P. O. Box 323, Sacramento, California.
Swift & Company, Union Stock Yards, Chicago, Illinois.

T

The Theurer-Norton Provision Co., 3136 West 63d St., Cleveland, Ohio.
Max Trunz, 25-37 Lombardy Street, Brooklyn, New York.

U

Jacob Ulmer Packing Company, Walnut and Railroad Sts., Pottsville, Pa.
Union Meat Company, P. O. Box 1093, San Antonio, Texas.
United States Cold Storage Company, Pershing Road, Chicago, Illinois.

V

Valley Packing Company, P. O. Box 48, Salem, Oregon.
Virden Packing Company, South San Francisco, California.
C. F. Vissman & Co., Inc., 117 Bickel Ave., Louisville, Ky.
Jacob Vogel & Son, 2600-14 Colerain Ave., Cincinnati, Ohio.
F. G. Vogt & Sons, Inc., 30th and Race Streets, Philadelphia, Pa.

W

Walker Properties Association, P. O. Box 17, Austin, Texas.
Weiland Packing Company, 551 West Bridge Street, Phoenixville Pa.
Welsh Packing Company, Box 56, So. Side Station, Springfield, Missouri.
Western Meat Company, So. San Francisco, California.
White Packing Company, Montgomery, Alabama.
White Provision Co., P. O. Box 1206, Corner Howell Mill Rd. and 14th St., Atlanta, Ga.
Wilmington Provision Co., Foot of Orange Street, Wilmington, Deleware.
Wilson and Company, 4100 S. Ashland Ave., Chicago, Illinois.
Wilson Provision Company, Foot of South Water St., Peoria, Illinois.

Y

The C. A. Young Company, Matthew Street, Johnstown, Pa.
The Youngstown Packing & Provision Co., 1540 South Avenue, Youngstown, Ohio.

Z

The William Zoller Company, Spring Garden Avenue, N. S. Pittsburgh, Pa.

EXHIBIT K 112.

Letter. Feb. 20th, 1928. Greenlee to Southon.

Refering to your letter of Feb. 18th with reference to the above subject.

We will go slow in making any price concession to either the Great Atlantic & Pacific Tea Co., Beatrice Creamery Co. or the Blue Valley Creamery Co.

Just so long as we are permitted to meet competitive prices, what else can we ask for?

You will, of course, handle this quietly and only hope that when you get back from the East, you will have decided on a policy that will tend to stabilize the Industry; at least, long enough to give us a "breathing" spell.

EXHIBIT K 113.

Letter. Feb. 20th, 1928. Greenlee to Southon.

Replying to your letter of February 17th with reference to the above subject.

Believe we should sell all Members of the Institute direct where we can; of course, giving them this 2-½% discount, for by doing so just that many fewer orders will go thru Mr. Osman and he will have just that much less to crow about.

Note what you say about the carload differential not being affected by this 2-½% discount, and will be governed accordingly.

If anything special develops, I will pass the information on to Mr. C. F. Christy, so that he can in turn get in touch with you.

EXHIBIT K 81.

Letter. Feb. 20th, 1928. Greenlee to Southon.

I have your kind favor of February 18th with reference to the above subject.

I will have Mr. Troll give the A. H. Barber-Goodhue Co. this 2-½% Trade Discount immediately.

While Mr. Koch of the Story Parchment Co. has given this Creamery Institute this 2-½% discount, the Creamery Institute hasn't as yet started to function; but of course, all the Members present at this last meeting, and there were quite a number of them, know about this special arrangement with the Story Parchment Co.

I cannot see how the A. H. Barber-Goodhue Co. or any other of our Creamery Supply Distributors can continue to operate on our resale price lists, but let's cross that bridge when we get to it.

I am attaching hereto a sample of a Vegetable Oleomargarine wrapper which the Story Parchment Co. are passing around and which is an Armour & Co.'s wrapper but in a design Armour's use very few of, possibly 5,000 at a time.

I don't know whether Armour's have given the Story Parchment Co. a bona fide order for Oleomargarine wrappers, or whether the Story Parchment Co. got ahold of this sample and printed up some wrappers just to show what they could do.

This attached sample isn't as soft as our paper, is it?

EXHIBIT K80

Letter. Feb. 20, 1928. Southon to Kushell.

In response to your letter of Feb. 17th, the Supply Department of the American Institute of Meat Packers in Chicago just recently made a deal with the Story Parchment Co. whereby all orders placed thru them by the members of the Institute for Vegetable Parchment Paper would be subject to a trade discount of 2½%.

We, of course, were compelled to meet the condition. There are about 360 members of this Institute located all over the country and of course the Detroit Packing Company is one of them, and it is from the Institute that they received the prices mentioned in your letter.

The Supply Department of the American Institute of Meat Packers are able to buy for their members at regular wholesale prices, less a trade discount of 2½%.

This applies on the parchment only and not on the printing.

EXHIBIT W-50

Letter. Feb. 20, 1928. Moody to Roddy.

Suggest you advise Mr Moyer at once—that Patterson under date of Feb 17—wrote Armour and Co would apply the 2½% discount—on the printing as well as the plain paper—I saw the letter—signed by Newman—so I had to meet Patterson's price on orders taken to-day. Please ask Mr Moyer not to mention fact I saw the letter—dont want get buyer in bad—just state they made the special price.

EXHIBIT K114

Letter. Feb. 21, 1928. Southon to Howe.

We have your letter of Feb. 18th with reference to the order attached for the Gray and White Co.

Really we should not accept this order at the wholesale price until customer increases the specifications to one ton.

However, we are going to make an exception and pass it thru at the wholesale price, but we do hope it will not be necessary to do so again. The Gray and White Co. should have no difficulty in giving you specifications for one ton at a time.

EXHIBIT K115

Letter. February 21, 1928. Oberley to Southon.

Confirming our telephone conversation yesterday, the Land O'Lakes people slipped one over on me and purchased some of Story's Vegetable Parchment in flat sheets only. They would not disclose how much they purchased, but sooner or later I will find out. They quoted them on a basis of wholesale prices, less 5%. These prices were delivered.

In the past we have always sold these folks at the regular wholesale prices, but on straight carload lots we allowed them the regular ¼¢ per pound differential. Now, there are times when the customer is obliged to order some of their paper out in our regular pool cars. Don't you think it would be a wise move to allow me to give them the ¼¢ a pound off on the shipments that come forward in our pool cars? I don't know whether they have ever checked to find out whether they were getting the ¼¢ discount on all shipments or not. In case you do allow this ¼¢ off on pool car shipments, I would say nothing to them, but just put the orders through on that basis.

I also know the printer who prints up their parchment, and will try and be around there at the time they are printing some of this Story parchment.

EXHIBIT W-51

Telegram. Feb. 22, 1928. Moody to Moyer.

Story is quoting lower prices to Big Four Packers than our prices nets after deducting two and one half percent Story has made new deal with Institute giving Institute lower price than ours This confidential price is only effective on orders placed personally by Osman No member can order direct and get special price

I have been unable so far to find out what these new prices are that Story has made to Big Four and to Institute Will advise soon as hear.

EXHIBIT K82-a

Letter. Feb. 23, 1928. Hazel (Southon's Secy.) to Southon.

Following is an extract from a letter received this morning from the Zanesville Paper Co. of Zanesville, Ohio, and attached to this letter you will find the "sales facts" referred to in their letter: "Enclosed find sales facts regarding Story Parchment."

Without going into any detail we find from their own argument that Story Parchment is superior to any Vegetable Parchment made today.

We are wondering—yes, just what we might say in case someone from the trade told us this."

EXHIBIT K82B

STORY PARCHMENT COMPANY

Trenton, Michigan

SALES FACTS — SELLING HELPS

Vegetable Parchment is the resultant skin-like substance obtained by the conversion of pure, white, unsized and unfinished paper called "Waterleaf."

Waterleaf is converted into Vegetable Parchment by being drawn thru solutions of Sulphuric Acid, which operation by its chemical action, transforms the Vegetable fibre of the paper into an altogether different substance resembling the animal skin—in its appearance and for its usefulness.

Altho the parchment still retains, somewhat, the appearance of the paper, it is most remarkable for a wet strength which no paper can have. It has the stretch, wet, of a chamois skin.

Thorough conversion of the paper produces a greaseproof sheet: the combination of high wet strength and the greaseproof quality can be found in no other paper. It covers the wet product but allows it to "breathe." Story Parchment allows ventilation but prevents contamination.

Story Vegetable Parchment is white and completely greaseproof. No other paper will combine these two qualities. Story Vegetable Parchment is greaseproof when wet. No other paper will stand this test.

The development of Story Pure Vegetable Parchment has registered the greatest step in advance that the industry has witnessed during the sixty years that have elapsed since the first Vegetable Parchment was produced.

Scientific tests, conducted thru the foremost laboratories of America, show that Story is the Vegetable Parchment of the future; Story is 100% Parchment and today is the standard by which all other parchments are to be measured.

The "Perfection" of Story Parchment has better qualified this wonderful sheet for the many uses for which Vegetable Parchment is intended.

For both insulation and the preservation of perishable food products Story has no equal.

Sensitive butter, quick to take on every off flavor and every bad odor, can only be wrapped in pure Vegetable Parchment.

Story Vegetable Parchment is alkali-proof, brine-proof, acid-proof. No other one paper will stand all these tests.

Story Vegetable Parchment will not disintegrate in cold or boiling water; in cold or hot brine: in cold or boiling grease. No other paper has such resistance.

Story Vegetable Parchment is odorless and tasteless while wet and dry. No other paper is likewise.

Story Vegetable Parchment strips from ice cream without tearing. It is clean, tasteless, colorless; shows design and printing to excellent advantage. For Ice Cream it is supreme.

Story Vegetable Parchment wrapped around Vegetables and Fruits prevents them from wilting. Keeps them crisp, cool: allows the plant heat to escape and lengthens their fresh life.

Story Vegetable Parchment, when wrapped around meats, allows ventilation, thus preventing staleness. It is the ideal meat wrapper.

Story Vegetable Parchment will hold pickles, herring, cheese. No other paper will stand up under this test.

It takes from two to five sheets of any other paper to wrap meats, fish, butter, lard, pickles, herring, sauerkraut. One sheet of Story Vegetable Parchment is better and costs less.

Story Vegetable Parchment is the ideal insulator for use in the refrigerator for wrapping all foods to prevent contaminating each other.

Story Vegetable Parchment is the food wrapper without comparison.

There is not an item in a grocery or meat shop from sauerkraut to liver that one thin sheet will not carry.

Story Vegetable Parchment is a high quality paper for the high quality food product.

Because of the absence of Sulphides and other minerals, Story Parchment alone makes the ideal wrapper for metals. It prevents tarnish on silver and corrosion on Steel.

Celery is wrapped in wet parchment when it is shipped great distances—it stays fresh.

Cuts of meat lose much weight in storage unless wrapped in Vegetable Parchment.

A simple demonstration of Story Vegetable Parchment, by comparison with other parchment will show the superiority of Story. Wet a sheet of Story and compare its appearance with others: if no testing machine is available, test its pulling strength by the hands.

Compare the color and texture of a dry sheet of Story Parchment. Notice that Story is parchmentized 100%. The others have a falky appearance and even show the formation of the original waterleaf thru screen marks, clearly demonstrating that that part of the fiber has never been touched by the acid. Consequently, is not parchmentized, is not greaseproof and cannot have a lasting wet strength.

Pour a few drops of typewriter oil, or kerosene, upon a sheet of 30E Parchment, any other make, and spots of oil, or grease, will show on the other side almost immediately.

Pour the same oil on Story and show the difference.

Story Pure Vegetable Parchment has been adopted by the largest creameries and butter manufacturers in America, both East and West. This was done only after exhaustive tests of the quality of Story Vegetable Parchment, and by comparison with Vegetable Parchment made by all other manufacturers.

The transparent appearance of Story Vegetable Parchment adds great selling attractions to its acknowledged protective value. Every careful butter and ice cream manufacturer will insist upon having Story Quality when he makes a test.

The Institute of American Meat Packers, comprising 325 of the largest institutions in the world, has recommended, has adopted, and members are now using, Story Vegetable Parchment. Armour and Swift are packaging their finest products in Story Vegetable Parchment.

The largest silverware manufacturer, uses Story and is highly pleased with results attained. Story is the only Parchment that prevents tarnish.

The largest makers of Vegetable Parchment Bags for lining lard cartons, etc., are using and recommending Story in flattering terms.

The Detroit Testing Laboratory, a concern of thirty years standing, submits the following findings:

All Vegetable Parchment Manufacturers

	X	Y	Z	Story
Ream Weight	30.51	28.85	29.81	28.35
Ash	.275%	.205%	.243%	.158%
Mullen Test	14.7	21.8	15.3	23.8

"Ash" content represents all "foreign matter" not parchmentized. Notice the ash content in Story is very much lower than that in the parchment made by other mills. This is of vital interest to butter packaging concerns.

EXHIBIT W-143

Letter. February 23, 1928. Karl to Dear Miles (Wakana Paper Co. to Moyer).

Answering yours of the 17th with reference to our price on Waterleaf, I am very sorry I did not make ourselves more explicit in regard to this price. However, your supposition is correct and we will start immediately billing 37½ lb. to you at 7¾¢ and 28 lb. at 8¼¢.

I know you realize, based on the furnish we are using, that this price is extremely close, and our entire salvage depends on our ability to run full. If we can run full we can show a limited amount of profit, which will be entirely satisfactory, but, of course, as we have been running we have as yet not been able to show any average profit and consequently our principals feel a little skeptical, but we had a very satisfactory meeting here last week and our principals have advised us that if we can show any profit at all in the coming sixty days, they will be perfectly willing to take care of us to the extent of putting us in a good operating condition, and, therefore, I am writing you this frankly, hoping that you may be able to give us an extra lift during the month of March, so that we may run full and I know if we do the outcome will be most agreeable to all of us.

As I have told you several times before it goes without saying we are anxious and willing at all times to do everything possible

to increase our tonnage with you and you have our absolute assurance that by calling us up or wiring us we will start any kind of a run or change any run that we may be on immediately to accommodate your requirements.

In conclusion I have taken the liberty of writing Howard yesterday regarding some additional trial rolls and I also asked him at that time, knowing you would be absent from the mill, to ask George to mail us a check covering the car shipped on February 10th.

In addition to this I am taking the liberty of also asking you if you will be good enough to send us another check by the first of next week covering our shipment of the 18th. If you can do this it will help very materially under the circumstances as we have two payrolls next week in addition to a number of small accounts that we want to try and clean up by March 1st. I trust this will not work any hardship on you nor infringe too much on your good nature.

EXHIBIT P309

Telegram. Feb. 24th, 1928. Cashmore to Cox.

Retel feel that Story is surmising things which occasion report you heard No change authorized except to meet Story's competition on all large business.

EXHIBIT P323

Telegram. Feb. 24th, 1928. Cox to Cashmore.

Both Armour and Cudahy told me this afternoon that they have been given to understand there will be lower parchment prices effective next Monday. They claim to have been told this price change is being arranged at a meeting of parchment manufacturers in New York this week. I gather that it was not Story's representative that told them this.

EXHIBIT K-365

Letter. Feb. 24, 1928. Kindleberger to Greenlee.

We are enclosing a document which one of the Paper Jobbers sent in today, and you will see what they have to say about Armour and Swift and all the Packers.

If all is true that they say, it would be a wonderful thing for them. In all my years of experience never have I seen anything like this put out by any competitor in any line whatsoever. It looks to me like the work of a feeble mind—an insult to the buyer's intellect.

Thought perhaps some of your friends at the yards would like to see this document, especially a few paragraphs.

EXHIBIT P322

House Letter. Feb. 24, 1928. Leonhard to Cashmore.

Here are some prices quoted J. H. Wentz on size 5½ x 6½.

	Ours	Theirs
200M (1 col.)	74¢	69¢ M
100M "	84¢	74¢ "

Their price on two colors is exactly the same as one color.

EXHIBIT W-52

Letter. Feb. 24, 1928. Starret to Dear Miles (Moyer).

Inclose an order from Oscar Mayer which I accepted subject to your acceptance on account full freight allowance. They offered the order on the same basis as the Institute and showed me (confidently) the files of the Institute and price card of Story Parch from the Institute offering 2½% from base and full freight allowance on 300 lbs. & over to points North of the Ohio & East of the Mississippi. and they showed me the Story acknowledgment of an order of Feb. 10th for 20 bales 24 x 36—@ full freight allowance to Madison, less the 2½%. They were advised here by the higher ups to give Story a try out on this order.

Hoping this will meet with your approval,

EXHIBIT P311

Letter. Feb. 25th, 1928. Cashmore to Cox.

Yesterday, as you know, I was in New York all day at one of our meetings and heard some rumors of developments which are of interest and which you should know.

I understand that Storey is operating further with the Institute giving them a still better proposition than the 2½% but this tale limited this further reduction to business going only through the Institute.

It has been further reported today that Armour already have a lower price, Story being determined to get a great deal of the Armour business and that the other large packers have not been advised of anything lower. Of course, it stands to reason that wherever Story goes, we will go and it seems as though the battle is on for fair.

I heard also that Story has been quoting Beatrice Creamery, Blue Valley, Best Foods, Fairmont and other large Creameries

2½% below wholesale. None of this has been verified except it is given as reported from Chicago but it would be well to watch it very closely and not allow them to take any of our larger business on this basis for we will meet it upon bona fide knowledge that it has been given by Story.

EXHIBIT P313

Letter. February 25, 1928. Cox to Cashmore.

I am sitting with Mr. Stanley W. Jones as I dictate this—it is pretty close to closing time and I want to put the following to you for your information and consideration:

1—Story Parchment Company's proposition to the Wisconsin trade is full freight paid to any point in Wisconsin.

2—Story Parchment Company are quoting Wisconsin Food Products Company on their requirements at West Jefferson, Wisconsin and Norwalk, Ohio on the basis of one quarter cent per pound below wholesale in an effort to get a year's contract from this concern. Wisconsin Food Products Company approximate requirements for a year would be around a carload of sheets and a carload of printed rolls. They would quote of course the one million price on printed sheets and so far as I know they might quote the 40M lb. price on printed rolls. Would you be willing to take a year's contract on the above basis? On such a contract I suppose we would have to guarantee against our own decline with the understanding that the customer would be protected against any advance during the life of the contract.

3—Story Parchment Company's proposition to all paper jobbers is wholesale less 2½%. They have ruled that the cheese jobbers in Wisconsin will be quoted on the same basis as paper jobbers so that such customers of ours as Arn & Zweifel, Badger Cheese Company, Regez Cheese Company etc., are being quoted wholesale less 2½%. This makes an awkward situation because if these cheese jobbers insist that we meet Story's proposition, they would be on a lower basis than our Creamery Supply jobbers, who are buying from us at straight wholesale. I would like your comments on this.

EXHIBIT K83-A

Letter. Feb. 27th, 1928. Greenlee to Kindleberger.

I am attaching hereto an original letter sent out by the Story Parchment Co. under date of February 17th, as well as the printed samples, accompanying same.

This letter, as you will note, was dictated by our old friend -- Ezra, and is a rather begging letter, isn't it? They also apparently hate themselves.
Will you please acknowledge?
P. S. This letter and samples were sent to Armour & Co., Chicago, Ill.

EXHIBIT K84
Letter. Feb. 27, 1928. Southon to Greenlee.
This letter will be your authority to quote all Meat Packers whom we are now selling at wholesale prices, a trade discount of 2-½% off of the wholesale list.

The discount originally was given to the Supply Department of the American Institute of Meat Packers, but we find there are a number of packers who prefer to buy direct from the Mill, if they can do so at the same price, so we will accept orders direct from the packers and allow this special discount of 2-½%.

EXHIBIT K85
Letter. Feb. 27th, 1928. Greenlee to Kindleberger.
I have your kind favor of February 24th, enclosing a document gotten out by the Story Parchment Co. and sent to the Paper Jobbers, quoting Sales Facts—Selling Helps.

This document sounds just like Ezra, doesn't it, and I can't find one sentence of truth in it, can you?

I have just had 12 copies made and they will be delivered to all interested, and I think it will act as a boomerang before I am thru with it.

That one paragraph about the Institute of American Meat Packers would lead one to believe that all of the Members comprising 325 of the largest institutions in the world are using Story Parchment exclusively, wouldn't it?

I know that Armour's and Swift's do not approve of their names being quoted, and you may rest assured that this document will be shown to these two parties before the sun goes down.

It is certainly the work of a feeble mind, but Ezra always did have the knack of holding one spellbound when talking, but when he got thru you always wondered what he said.
I will keep you posted on developments.
Thanks for sending it.

EXHIBIT K243

Letter. Feb. 27, 1928. Southon to Moyer.

In accordance with our conversation with you last week, relative to the situation on Waterleaf, we have looked into this since returning and after talking this over with Mr. Kindleberger, have decided to meet the prices to which you referred, namely, 8-¼¢ on the 27 and 28 lb. stock and $7.75 on the 35 and 45 lb. stock.
As I told you last week, we could use your specifications right now for some Waterleaf and in fact, would appreciate it very much if you could give us a little more tonnage on this than you have been doing just recently.

EXHIBIT P324

Letter. February 27, 1928. Cox to Cashmore.

Acknowledging your letter of February 24th it does look as tho the end of Story Parchment Company's price cutting is not yet. I will be visiting Armour & Company in the morning, and if they have the lower proposition from Story, that you understand, I believe they will make mention of it to me.
We will keep very close watch, particularly on our larger accounts you may be sure and I will pass on to you any interesting information that develops. By the way Gubbins is out in Iowa this week and Al Grossmith is in Kansas City today, and I intend being in Kansas City Wednesday, and in St. Louis Thursday. On getting back here Friday morning, I will write you as to how N. A. Kennedy Supply Co., and Meyer-Blanke Company react to our sliding scale idea. J. G. Cherry Company St. Paul now have a perfectly clear understanding of this matter and as Mr. Hoeltje there has already outlined it to the Cherrys at Cedar Rapids, Joe Gubbins' visit to Cedar Rapids will serve to make everything clear to the Cherry Officials there.
In writing you in a big hurry at closing time Saturday with Mr. Jones at my desk I mentioned one or two things Story were doing in Wisconsin. As they intend making Wisconsin a full delivered point I suppose we will have to follow along with them.
With regard to the Wisconsin Food Products Company, Mr. Jones is to be there Thursday and he is very keen to make a deal with Mr. Carney for his year's requirements of sheets and rolls for both plants West Jefferson, Wisconsin, and Norwalk, Ohio. Accordingly, if you have not already advised me how you feel about meeting Story's proposition of ¼¢ below wholesale to

this customer on a year's contract, will you please send me a straight message on this subject on receipt of this letter. I will then phone Mr. Jones how to proceed.

In this connection Wisconsin Food Products Co., did not give us their printed roll business when they opened up at Norwalk, Ohio—they have been ordering instead from KVP and I have no doubt that Mill would protect their tonnage with this customer against Story competition. Even should we write a contract with these people for their year's requirements on the basis I have outlined, it would not surprise me if during the life of it they were made lower prices by Story, which it would be up to us to meet, it would be much easier of course for us to hold this tonnage against probable further cut price competition if we are holding their contract.

While I think of it we had a letter from Krey Packing Co.,St. Louis the other day, written after they had received our notice of 2½% below wholesale, and their buyer stated they had a lower price from Story. Since reading your letter of the 24th I am inclined to think that Krey probably have the further 2½% from the Institute. Grossmith and I will see Krey Thursday, and know more about it then.

"On the margin of this letter is written in pencil—
'Meet where necessary—Phoned Mr. Cox at Kansas City 2/29/28' "

EXHIBIT W-53

Letter. February 27, 1928. West Carrollton to Starrett.

Your letter of February 24th from Madison, Wisconsin, is received and we note your remarks in regard to order for Oscar Mayer & Company. We are therefore accepting this order with full freight allowed to Madison. Of course, we are not going to allow full freight to all Wisconsin points indiscriminately, but in a case like this where we find that Storey has made this allowance there is nothing for us to do but meet the condition. We simply have to be governed by circumstances in each case.

EXHIBIT W-144

Letter. Feb. 27, 1928. Southon to Moyer.

In accordance with our conversation with you last week, relative to the situation on Waterleaf, we have looked into this since

returning and after talking this over with Mr. Kindleberger, have decided to meet the prices to which you referred, namely, 8-1/4¢ on the 27 and 28 lb. stock and $7.75 on the 35 and 45 lb. stock. As I told you last week, we could use your specifications right now for some Waterleaf and in fact, would appreciate it very much if you could give us a little more tonnage on this than you have been doing just recently.

EXHIBIT W-54

Letter. February 27, 1928. Moody to Moyer.

There were no orders in the Yards to-day—this might have been just a coincidence—again it may be attributed to fact that buyers are holding back orders awaiting lower prices—which one of our leading competitors has lead them to believe might be effective to-day—everywhere I went in Yards to-day—the buyer inquired if I had received any advice to-day of lower prices—this line of conversation or rather this condition should be corrected so that will not occur again.

EXHIBIT K86

Letter. Feb. 28, 1928. Kindleberger to Greenlee.

I have read over the letter from the Story Parchment Company and also looked over the samples of their Easter Wrapper. Personally, I think you have nothing to fear if this is a sample of the best they can do.

I notice also that their Parchment is pretty dark color. The trouble we had when we bought our waterleaf from the Bryant Paper Company was that we never got two runs alike. We wouldn't be in the Parchment Business today if we had continued to buy our waterleaf. You will find, as time goes on, that the same thing will prove true with the Story Crowd.

No one but a man with a feeble mind would write letters such as Ezra is sending out. God pity them! But please be sure and don't talk much about them. The less you talk to the Buyers about the business, the better off we are. I find, too, that no matter what you say, even in confidence, the next day Paterson has the whole story word for word. So let's guard ourselves very, very carefully and the less we talk, the better off we will all be.

EXHIBIT K87

Letter. Feb. 28th, 1928. Greenlee to Southon.

We have your letter of February 27th, stating that your letter would be my authority to quote all Meat Packers who we now sell on the wholesale basis a Trade Discount of 2-½% off the wholesale list.

We will be governed accordingly.

EXHIBIT K244

Letter. February 28, 1928. Moyer to Southon.

Your letter of the 27th advising that new prices on Waterleaf will be 8-¼¢ on the 27 and 28 pound stock and $7.75 on the 35 and 45 pound stock received.

I notice you could use additional specifications and just want to say we mailed you a car yesterday and the writer will do all possible to favor you with further orders on this item.

EXHIBIT K116

Letter. Feb. 28, 1928. Southon to Oberley.

I have your letter of Feb. 21st confirming your telephone conversation regarding the invasion of the Land O'Lakes by the Storey Parchment Company.

As I told you at the time, we do not want you to lose this business and if you find it necessary to quote the Land O' Lakes Creamery wholesale prices less 5% in order to meet the Storey Parchment Co's price, do so. It should not be necessary for you to quote any better price than Storey are quoting, I feel that all that should be necessary is to meet their price and this you have permission to do for we have confidence in you and know that you will not abuse this privilege.

As far as the carload differential is concerned, I think it should remain as is. When they buy in carload quantities, give them the differential of ¼¢ per pound but when they buy in less carload quantities, charge them the regular list.

I hope you will be able to see to it that Storey makes no further invasion.

EXHIBIT P. 312.

Letter. February 28, 1928. Cashmore to Cox.

I have your letter of February 25th which you dictated while with Mr. Jones, and outlining the Story Parchment Company's proposition to the trade in Wisconsin against which Mr. Jones will work. I find difficulty in arriving at a decision in regard to the matters referred to in your letter.

Your first paragraph advises that the Story people have put Wisconsin on a freight paid basis. In the past, we have sought a way out of a similar situation, and which we paid freight to the various centers thru a rebate system to Mr. Schepley with some results, but, of course, now that we are meeting new competition, it seems to me that we can do nothing other than to meet their policy and also pay the freight. I am not certain that business in the remote corners of Wisconsin is worth the added cost of meeting the competition, tho for our larger customers it would be perfectly agreeable.

Your second paragraph I will answer with a YES. Wisconsin Food Products Company are developing into large users of Parchment, and I feel we would be doing no more than others in quoting them on their year's requirements and guaranteeing the price against decline. However, I do not like to guarantee against any possible advance during the life of the contract.

It seems they should be agreeable to accept the Parchment on the quantity price quotations, and accept billing at the market when shipped, as this is likely to be a very chaotic year in the matter of prices and I feel there will be much juggling up and down before the year is out. However, as it is our policy to protect ourselves against this competition with our largest customers, we will back you in your judgment in handling this account.

Your third paragraph does not surprise me, as undoubtedly Story have altered their policy of dealing with the jobbers exclusively and are now going to the trade generally with their 2-½% below wholesale. This is going to make trouble for us from more than one source, and while I feel it is not now time to alter the general policy, I do feel we should meet the competition where it affects our own trade especially. It is going to be difficult to handle a 2-½% below wholesale to accounts which have formerly gone thru our regular paper jobbers or

creamery supply houses, but we shall have to meet the situation as it arises and formulate some way out where we are called upon to meet these cutthroat quotations.

I trust this answers your letter with something upon which you can work with Mr. Jones and retain the bulk of the business thruout his territory.

P. S. We feel that Story is bound to get some business, but if we can hold our bigger trade, which is the cream of the business, we can afford to allow them to get some of the smaller business far removed from their plant, necessitating the maximum of freight expense, etc.

EXHIBIT W-55

Letter. February 28th, 1928. Orchard to Dear Miles: (Moyer).

Herewith is a letter from the new outfit that was sent one of the packers in St. Louis, who was good enough to give us this letter. Look at the price they are asking for 3,000 sheets 28 x 32 Easter Parchment Wrappers. Do not know what this is all about, but maybe you can enlighten us.

Hope you had a nice time in New York, and I suppose the mill advised you since your return that Independent want a 45,000 pounds car of 32 x 36. Please get behind this order, and see that it is shipped as quick as possible, because if it is shipped in a few days, there is a bear possibility that we will get another car or two from them.

EXHIBIT W-145

Letter. February 28, 1928. Moyer to Southon.

Your letter of the 27th advising that new prices on Waterleaf will be 8-¼¢ on the 27 and 28 pound stock and $7.75 on the 35 and 45 pound stock received.

I notice you could use additional specifications and just want to say we mailed you a car yesterday and the writer will do all possible to favor you with further orders on this item.

EXHIBIT W-56

Letter. Feb. 28, 1928. Moody to Moyer.

I enclose Allied Packers' order applying on their stock order 5441—I was under the impression Allied was going to order out the entire balance—but they only ordered out a 1000 lb.—but the idea is we would not have received order if had not met Kalamazoo price—you will note order specifies 2½% discount on the paper only.

To recall phone conversation—I neglected to advise you that Swift's buyer informed me yesterday—that Storey's representative Koch had advised him that whenever he had any biz to place with him again—that he —[Koch] had a better price for him—Swift's buyer told me he did not have any requisitions so did ask him what his new proposition was—then Ruf asked me this morning what the news was—if we were going to reduce our price—and I told him—we were not—He then told me no more biz would be placed with us—until we met Storey's price or "bettered" it—he told me Koch came to him last Friday and made him a price of 14.75 less 5% on paper and printing—said Koch told him to keep it confidential as he was not making that price to anyone else as yet—this 5% of course also applies to 25 lb. and 30 lb. Basis—He further stated that Storey's price to the Institute was 5% discount from the regular prices—namely 15¢ for 40 lb.—16¢ for 30 lb. Basis etc—this price was not bulletined by the Institute—the members were notified that Osman had a special inside price—and that all members would have to place their orders through Osman—of course whoever placed their orders thru Osman became immediately aware of what the price was—I happened to know that he placed 12,000 lbs with Storey last Friday at this new price—now—this making contracts or arrangements thru Osman is mighty serious biz—it upsets the entire packing house trade on parchment—it interferes with your selling concerns like Morrell—Sinclair etc—besides just suppose if Osman controlled the entire buying of the Institute on parchment—who would get most of biz—maybe we would and maybe we would not—if we did not it would make a big hole in our tonnage—its bad biz—

Ruf you know has never ordered any parchment from Storey—and dont believe he will ever place any all things being equal—his dope this morning checked up with information given me by Armour Friday—when they showed me copy of order placed with Storey for 40 lb. at 14¢ per lb. I was a little suspicious of Armour—but it was to all appearances a bona fide order.

I trust you will phone me early to-morrow morning—as it is my day in the Yards and I want to know where I stand—

By the way Cudahy—that is Ruf said that Koch intimated there might be a lower price later—in other words they were not thru at 14.75 less 5%—

You know Levin told the big buyers when he was here last—that parchment could be sold at 14¢ lb and yield a good profit.

I have spent a good portion of the day—the best hours—getting conversations of this kind—and phoning you etc—I certainly will be glad when this biz—finally settles down to a stable basis—as I have to spend most of my time with the big Packers—and do not give the outside trade the attention it deserves.

EXHIBIT K90

Letter. February 29, 1928. Kelly to Southon.

We have your letter of February 27th in which you advise us that effective immediately we are to quote Meat Packers a trade discount of 2-½% off the wholesale list covering Vegetable Parchment.

Your instructions will be followed and we will start quoting this new price at once, to the Meat Packers.

There is one point Doc, that we feel we should mention to you at this time and that is that Bossler often sells small amounts of Parchment to Meat Packers, to tide them over until they receive mill shipments, and Bossler is sure to hear of this new price to the Meat Packers right away so you can imagine how he is going to feel about it.

You know Bossler paid us about $35,000 last year and as we have previously advised you, he does not handle any Parchment other than K. V. P. so he is going to be all upset when he finds out that some of the Meat Packers, who do not buy nearly as much Parchment as he buys, are getting a better price than he receives.

Your records will show that his Parchment business is steadily increasing each year and while we wouldn't ask that this new price be given to any other paper jobber, don't you think that Bossler should be given this new price on the business he places with us.

Of course you understand we have not mentioned anything to him about this new price and we would not think of doing so unless we have such instructions from you, but we know he will feel mighty bad about it in case he finds it out before we told him.

You may think we are asking for a lot but we really felt this matter should be brought to your attention right away.

Will you please tell us what you think about this as soon as possible.

EXHIBIT K-89

Letter. Feb. 29, 1928. Roberts to Southon.

Our good friend Izzie has started to explore the southern states with a lot of this "old stuff" about what the other fellow has not, in his sheet, that he has.

Some one has started this Pool Car stuff again, and I know as well as you do that it is impossibel to make up a pool car into each of these southern towns as often as it is claimed that they are made. since the freight rates have been changed a firm in any other town than the one into which the car is shipped cannot get in it as the combination c/l & l/c/l rate is higher than the thru l/c/l rate. I do not like this kind of trick work. I do not believe they make up these cars.

EXHIBIT K88

Letter. Feb. 29, 1928. Southon to Greenlee.

We acknowledge receipt of your letter of Feb. 27th with reference to 2-½% trade discount and the letter which Mr. W. J. Cox sent out under date of Feb. 18th.

We, of course, have not made this 2-½% trade discount retroactive but we have today given instructions that on any unfilled orders now on file, the packers are to receive the benefit of this special discount.

EXHIBIT P57

Order. Feb. 29, 1928. Swift & Co. to Paterson

Please ship rush the following:

Swift & Co., 3241 W. 65th St., Cleveland, O.

25 lb. 7 x 9" 30 lb. Stock Genuine Vegetable Parchment Paper

Price 15¼¢ lb. less 5%, 2% ten days, freight paid.

EXHIBIT P315

Letter. Feb. 29, 1928. Mayer to Smith.

Mr. Pratt has been here since Monday and has just left on the 10:28 train for Pittsburgh, taking the day ride home.

He showed me the telegram that you received from Mr. Goldman of The Story Parchment Company, also your reply. This is rather a personal matter, Arthur, but since you have given your decision, I want to tell you frankly that you were very wise for the reason that any company that would stoop low enough to get a salesman away from a competitor is the type that you can expect almost anything from. Furthermore, it is very diffi-

cult to call on your old trade with a new line and often means losing not only your contact in the industry, but also your friends in the trade.

I had a long talk with Mr. Pratt regarding turning over more of the trade to both you and Repine, and he really sees the logic of this whole thing. Beginning March 5th you will receive acknowledgments for your territory direct, as well as copies of letters. However, continue to send Mr. Pratt copies of the house letters that you write to the office.

You are to keep in touch with all the accounts in your territory and in a day or so you will receive such instructions from Mr. Pratt, which undoubtedly will include Kingan. Mr. Pratt will occasionally drop down in your territory and call on his friends there. In the meantime you are to keep up the contact and gradually cultivate the friendship of these different buyers.

Mr. Cruger will start South either Saturday or Sunday, making Greensboro his first stop and work down the coast into Florida.

Our Atlanta Car has reached 39,000 pounds net so far.

EXHIBIT P314

Letter. Feb. 29, 1928. Paterson to Gray.

As you know we are meeting with quite some stiff competition from the Story Parchment Company who are using the cut-price method for securing business.

They quote irregularly, always slightly below our scale of prices, so that have determined to meet their quotations where it effects our largest business.

We feel they are bound to get some business, but we will not allow them to have the large business if we can help it. Preferring them to take such business as they may get from remote places where their shipping expenses is the greatest. In other words we will not meet expensive shipping concessions where the volume does not warrant the expense.

I am sure you will understand from this what I mean and at all times investigate thoroughly the truthfulness of a buyers report, "that Story Parchment Company are offering a better proposition."

EXHIBIT S9

Letter. Feb. 29th, 1928. Mannebach to Story Parchment Co.

As per your request, we are using 250,000 sheets 8 x 11 Parchment a month, for which amount we place a standing order.

EXHIBIT W-57

Letter. February 29, 1928. Moyer to Dear Charles (Orchard).

Just received your letter with copy of Storey Parchment's Easter prices attached for which we thank you. These prices are lower than our's and I don't know how they figure them. I guess it is like many other quotations they are making, without rhyme or reason. They wait until they find out our prices and then go in and cut them arbitrarily, not taking a base price into consideration at all. However, so far while they have made us reduce prices, we have lost no tonnage that we know of to them. In fact, our orders received are running higher than they did a year ago. We have the mill filled with orders but need all we can get to keep it that way.

Regarding Independent car. We hope to ship it about the middle of the coming week and we will do all we can to make a prompt delivery so you can land the other two or three cars.

Got back from New York Sunday but I didn't have a good time. Caught a severe cold and was busy nursing it. What other time I had was spent in association meetings and other business engagements.

EXHIBIT W-58

Letter. Feb. 29, 1928. Moody to Moyer.

Your first thought when you see orders in to-night's mail for about $3,500.00 is—Why is he getting nervous about prices? Well here is the sad news Cudahy showed me six orders they had—which they are going to place with Storey—two of these orders are for butter wrappers—which they will have to place with us. but they placed their first order yesterday with Storey for plain parchment—and stated to-day that they meant what they said—when told me would not place anymore biz with us until we reduce our price—Armour's buyer advised me as I reported over phone—that he was tired of giving us biz—when could place it elsewhere at lower prices—He notified me this afternoon that he was about through—brought it up again—intimated might be the last time.

Armstrong told me to-day—that Storey's representative Koch told him that the president of Storey Parchment Co. had left for Florida that before he left he told the Storey management to meet any price quoted down to 12¢ per lb for 40 lb. Basis—I may not have this president's remarks verbatim—but the point

is they are authorized to go as low as 12¢ per lb if necessary and this is the line of talk their verbose Chgo salesman is handing out—this is no rumor—this is correct information.
I am not wiring you—or will not phone you in morning—I am going out to Hately Bros—early— and will also be at Wilson at 10 A.M. to inspect a shipment of hams wrapped in all four makes of parchment sheets—30 lb. Basis—that was shipped on a test by local freight to Okla City and back—These were Skinned Hams which is severest test they could give a wrapper—If you want me to go over to Cudahy's and take that biz at Storey's price of 5% discount from 14.75 for 40 lb.—15¼ for 30 lb. and 18¼ for 25 lb. Basis—call me on long distance phone—I will be in touch with office by phone and will immediately call you back.

DFT'S EXHIBIT K121
Letter. March 1, 1928. Swan to Southon.
It is just possible some of the other salesmen have sent you some of the same Literature you will find attached but could not resist sending this in and after you have read "Their sales Facts" and Selling Helps I am sure you will consider it good business to discontinue our Parchment Division.

EXHIBIT P325
House Letter. March 1, 1928. Gubbins to Cashmore.
When Mr. Lovelace handed me the enclosed orders today he mentioned that he expected them to be billed at 5% discount Inasmuch as Mr. Cox called us from Kansas City after talking to you, we told Mr. Lovelace that this would be satisfactory.

EXHIBIT K117
Letter. March 2, 1928. Oberley to Kindleberger.
Our new competitor has the Land O'Lakes crowd all worked up about our parchment being full of pin holes, and I find that they are pulling these tests wherever they go.
They will take a sheet of our paper and pour Three-In-One oil on it and tip the sheet at different angles to it will cover the sheet and on the opposite side of the sheet you can see where the oil has penetrated. Then they take a sheet of their paper and do the same, and the tests do show that our paper is more porous than theirs. Now, isn't there some way that you can close this sheet up a little better and combat this talking point? They also are showing a laboratory test of the various parchments

made by the different manufacturers, and they have a chart fixed up nicely, showing that they are the leaders, Patterson next, KVP next, and West Carlton last.

I had the two Land O'Lakes buyers out to lunch this noon, and they opened up a little ,and I have an engagement with them in a little while, and will probably have something further to report to you. If possible, will secure the chart which they are showing around, and any other information that is possible, to secure.

EXHIBIT K119

Telegram. Mar. 2, 1928. Oberley to Kalamazoo

I just saw wire dated today from Story to Land O'Lakes Creameries reducing parchment another one cent a pound.

EXHIBIT K91

Letter. March 2, 1928. Southon to Roberts.

We have your letter of Feb. 29th telling us that our new friends from Trenton have started to explore the southern states.

If they do in the South as they have been doing in other parts of the country, you will hear a lot of strange and interesting things, but do not let them worry you. We are still in business and as a matter of fact, our business is showing a very nice increase over a year ago.

I think they are doing far too much talking for so young and inexperienced an organization.

You do not need to let them worry you in any way for the chances are that we will be in business when they are forgotten.

EXHIBIT P426 and W64A

Letter. March 2, 1928. Story to Gentlemen

We announce another one cent per pound reduction on our January price list. Our present prices are:

40 lb. and 50 lb. basis.....14¢
30 lb. basis.....14½¢.
25 lb. basis.....17½¢.

Our improved methods, the superior quality of our Parchment, and its immediate acceptance by the consumer, are entirely responsible for this latest price reduction. We have believed, always, that competition would accomplish seeming miracles in the Parchment World.

Competition is the Life of Trade. We have introduced real competition into the Vegetable Parchment Industry, where it was

needed, and we have given our best — the right kind of competition.

We have delivered a better sheet on Vegetable Parchment and the prices of all others have come down.

The present prosperity of America is built upon the new economic idea of Live and Let Live. All of America's great industries, today, exemplify this new old adage. Only the memory of the competition destroying era remains.

Since we entered the field there has been much loose talk, more insidious propaganda and many meetings, all calculated to stem the tide of competition. If the men who have indulged in these gestures would, instead, use their efforts to improve the Industry upon which they have prospered, the consuming public could be better assured of receiving value from the Vegetable Parchment Industry in the future.

The industry of old needs improvement to place it upon an ultra-modern basis. Efforts directed toward new ideas and improved methods will help the situation much more than propaganda intended only to obstruct progress and to stifle competition.
We have furnished the kind of competition that must in time benefit the mills as well as the consumer.

We are doing great work for you and the consuming public. You can furnish the support necessary to keep up competition by giving us your business. Our superior product and our prices warrant your sending us your orders. Will you do it now?

EXHIBIT P333

House Letter. March 2, 1928. Cox to Cashmore.

With reference to our long distance talk of Wednesday when I phoned you from Kansas City, altho Mr. Gubbins took in the Stock Yards yesterday during my absence Swift did not bring up this new basis of 5% below 14-¾¢ on 40 lb. and 15-¼¢ on 30 lb. and Mr. Gubbins said nothing about it, his plan being to wait until I got back to discuss it with Swift.

Accordingly it is rather amusing to note a bunch of Swift orders received this morning all carrying this 5%. It appears that Mr. Gramer being told of this 5% by KVP and WCP assumed that we would line up and so he calmly put the new price on our orders.

EXHIBIT P316

House Letter. March 2, 1928. Cox to Cashmore.

With reference to our long distance talk of Wednesday when I phoned you from Kansas City, altho Mr. Gubbins took in the Stock Yards yesterday during my absence Swift did not bring up this new basis of 5% below 14-¾¢ on 40 lb. and 15-¼¢ on 30 lb. and Mr. Gubbins said nothing about it, his plan being to wait until I got back to discuss it with Swift.

Accordingly it is rather amusing to note a bunch of Swift orders received this morning all carrying this 5%. It appears that Mr. Gramer being told of this 5% by KVP and WCP assumed that we would line up and so he calmly put the new price on our orders.

EXHIBIT P326

House Letter. March 2, 1928. Cox to Cashmore.

I think I advised you last week that Story Parchment Company in addition to selling some parchment to Carpenter Paper Company, Omaha, have also secured business from Kansas City Paper House, Kansas City, Missouri, which as you may know is a Carpenter house. Both houses I understand are getting 5% below wholesale.

In St. Louis yesterday I learned that they had offered Meyer Blanke Co., 5% Below Wholesale but Carl Meyer said he gave the proposition no consideration at all.

Story have connected in St. Louis with Rosenthal Paper Company —I believe that is the exact style—and also I was told Cupples Company have taken them on. Cupples have always been a terribly hard account to handle KVP having had their business for quite a while. Possibly Cupples intend to continue giving at least a portion of their business to KVP.

DFT'S EXHIBIT S-19

Telegram. March 2, 1928. Story to Fairmont Cry. Co.

We announce another cent per pound reduction on January prices The high quality Stop Parchment has pleased consumers and confounded competition We are doing great work for you and should have your immediate support orders will keep us going where competition was surely needed. Please send us your orders now.

EXHIBIT K120

Letter. March 3, 1928. Oberley to Southon.

As per telephone conversation this morning, I told you that the Land O'Lakes had bought a bale of parchment from the Story Manufacturing Company and have printed up same, samples of which I am enclosing. I feel confident that there will be no trouble for me to hold the Land O'Lakes business. There is one thing that is bothering them a good deal and that is the oil test that Mr. Goldman of the Story Manufacturing Company showed them, where the 3 in 1 oil would not penetrate their own sheet, but would penetrate Patterson's, KVP, and West Carlton's. They surely sold the two buyers on that point. They are afraid that if the Dairy Supply people do get the Story line, that they will use this means of securing the business, they want to know if we can't close up our sheet a little more —

EXHIBIT K92

Letter. March 3, 1928. Southon to Kelly.

In reply to your letter of Feb. 29th, relative to the special trade discount of 2½% which we are giving the Meat Packers, and I think you have overlooked one thing and that is, this, it is not a general reduction in the price of Vegetable Parchment.

Our present prices are just about as low as we can possibly make them. This discount of 2½% to the Meat Packers is a special arrangement we have made to meet the offer which the Story Parchment Co. made to the Institute of Meat Packers.

Personally, I do not think it is necessary for you to say anything to Bossler about it. Should he learn of it thru some of the Meat Packers, you can tell him just what it is and unless I am very much mistaken, Bossler is big enough a man to understand the situation and appreciate our position in the matter.

EXHIBIT K93

Letter. March 3, 1928. Spangler to Southon and Christy.

I was really expecting the Mill's letter that I received recently authorizing a 2½% trade discount on Parchment. (to Meat Packers).

The first intimation of anything of that kind was made to me in the office of Cudahy Bros. at Cudahy, Wisconsin by Mr. Dunn, Buyer. He had recently received a letter from one of the Parchment Companies quoting such a trade discount but couldn't recall the source of the letter as he had destroyed it. The next

afternoon at Layton Bros. Packers, Mr. Perkins got out a letter he had received recently from Patterson Parchment Company offering this special 2½% discount. This he showed to me.
A few days following this incident Oscar Mayer Company's (at Madison) buyer, Mr. Vreeden, told me that Oscar Mayer himself had authorized the placing of an order for their printed wrapper through the Packers Institute specifying Storey Parchment. Mr. Vreeden explaining to me that the Storey folks were pricing their parchment through the Packers Purchasing Bureau at a lower figure than the other producers of Parchment. We trust the last price on Parchment will hold for some time.

EXHIBIT P335
Telegram. March 3, 1928. Cox to Cashmore.
Kennedy Parsons writing March second reporting have just read wire just recd by Carlson from Story as follows We announce another cent per pound reduction on January prices the high quality Story Parchment Paper has pleased our customers and confounded our competitors We are doing great work for you and should have your immediate support Orders will keep us going where competition was surely needed Please send us your orders.

EXHIBIT P334
Telegram. Mar. 3, 1928. Smith to Mayer.
Cincinnati packers received notice today from Institute of a reduction in parchment prices Stop No price mentioned Stop They were advised to write for prices if interested as the Institute did not think it good policy to broadcast price This is for your information.

EXHIBIT P338
Telegram. Mar. 3, 1928. Cox to Cashmore.
Am informed that Story have made the following new price schedule to the Institute effective this morning forty and fifty pound fourteen cents thirty pound fourteen one half twenty five pound seventeen one half all less two one half percent to the Big Four Packers one quarter cent per pound less.

EXHIBIT P339
Letter. March 3, 1928. Cox to Cashmore.
Since our discount to the big four packers was reduced from 2½% to 5% Story have been out to the Yards to give these people

a further 2½%. Thus their proposition at the moment is ¼¢ per lb. below wholesale. less 5% and 2½%.

At the office of one of the large packers was seen Mr. Koch's pencil memorandum where he had figured out the net equivalents of this discount on the three weights: His net figures were

40 lb.	13.65
30 lb.	14.13
25 lb.	17.00–17½

Mr. Koch said Story would bill at these net prices rather than on the discount basis.

If you will check the above net prices I think you will find that Mr. Koch has made a mistake on the 25 lb. the net should be $16.90. Then am wiring this to you.

LATER

I have just been informed that Story have officially changed their prices to the Institute as follows: —

40 and 50 lb.	14¢
30 lb.	14-½¢
25 lb.	17-½¢

Less 2½%.

To the big four packers ¼¢ per lb. less.

It is not known whether Mr. Osman of the Institute intends broadcasting these prices. My information is that he received this new basis only this morning. I understand both Moody and Greenlee are reporting in like manner to their Mills.

EXHIBIT P337

House Letter March 3, 1928. Cox to Cashmore.

The attached letter dated March 2nd has just been received—late Saturday morning—and when you have read it you will know as much about the matter as I do. Mr. W. H. Hayes is the young man who was with us along with Mr. Parsons at Fairmont's Office. He is intimate with the Fairmont people, in fact he married Ralph Carlson's stenographer, and I rather imagine he saw this telegram without Ralph necessarily knowing about it.

Carlson you remember intimated he had a somewhat lower price than wholesale from Story—I think we got the impression that he had 2½% so this new information is rather startling. It would seem to indicate that at least Story are quoting Fairmont 1¢ per lb. under wholesale and possibly with a further 2½%.

I am writing Mr. Hayes as per attached copy and of course I will flash to you any additional information I get.
P. S. Since dictating the above I thought it better to telegraph you on this which I have done as per attached copy.
Along this same line Mr. Howard Hollis of Hollis & Duncan got in touch with Mr. Gubbins this morning to say that he had learned, altho unofficial that Story will have a new price of 5% under wholesale instead of 2½% to go into effect Wednesday, March 7th.
I will immediately advise you of any further reports in this connection.

EXHIBIT P337A

Letter. March 3, 1928. Cox to My dear Harry: (Hayes) of Kennedy & Parsons Co.)

Your letter of March 2nd quoting the telegram Fairmont received from Story is most interesting to us and I should say highly important.
When Mr. Cashmore and the writer were with you in Omaha recently Mr. Carlson rather intimated he had a better price than wholesale from Story, therefore this present telegram would indicate that Mr. Carlson has a very much lower proposition than our present wholesale.
Do you suppose that on receipt of this Monday, you could in any way find out definitely what Story's proposition is? I dont want to ask you to undertake anything that might get you in wrong over there but we certainly would like some very definite information and if you can get it, will you please immediately either telegraph or telephone the writer, charges of course reversed.

EXHIBIT P336

Letter. March 3, 1928. Cox to Cashmore.

When I talked to you on the phone from Kansas City Wednesday it was your understanding that Story's proposition to the Institute was 5% under wholesale.
I also had an understanding that there was something of the sort, altho until you spoke to me I had not heard definitely that it was 5% under. As we heard it here Mr. Osman was simply telling his Members to send their orders to him and he would have them billed at a price lower than the 2½% the three established Mills were making.
Since getting back from Kansas City, I have endeavored by every possible means to verify this 5% or whatever it may be

below 2½% and so far as we can learn Mr. Osman has nothing better than 2½% to offer.
In St. Louis while I was there with Mr. Grossmith the packer buyers I talked to knew nothing beyond the 2½% and this morning Grossmith got back to town with something like 46M lbs. of business, most of it from packers and in no instance did any of his packer customers know of anything better than 2½%.
Yesterday the monthly meeting of Purchasing Agents of Institute Members was held at the Institute Offices here with Mr. Osman presiding. One of our close friends among these Purchasing Agents was at our office this morning and he said that nothing whatever was mentioned of a price lower than 2½%.
Of course by the time this reaches you there may be an entirely different line up, particularly as I have been writing you earlier in the morning about Hollis & Duncan reporting a 5% price going into effect next Wednesday, to say nothing of the word we had from Omaha this morning about Story wiring 1¢ per lb. further reduction.
See my later in the day letters.

EXHIBIT S-9
Letter. Mar. 3rd, 1928. Mannebach to Story
Your wire dated March 2nd received. Mr. Mannebach is out of the City and will be back on Thursday March 8th, at which time he will answer your wire.

EXHIBIT W-59
Telegram. March 3, 1928. Moody to Moyer.
Storey out today with new prices to Big Four Packers and Institute prices to Institute forty pound basis fourteen cents thirty pound fourteen and half cents twenty five pound seventeen and half cents all less two and half percent price to Big Four Packers same as above less their regular differential twenty five cents if want to phone me before Monday phone Greenleaf two two naught six.

EXHIBIT K118
Letter. Mar, 5, 1928. Kindleberger to Oberley.
We have your letter concerning what Story is saying about their Parchment and also about ours.
I think you will find all of our paper closed up a little better than it used to be since we have changed over our Pusey Machine.

The Meat Packing Industry, of course, prefer the long fibered sheet so it will not be so brittle and crack so easily, and our Lard Paper is the finest example of a well closed up sheet that will stand oil, turpentine, or anything else, and it is far superior to anything ever made.

The Story Parchment Company, you know, buy their waterleaf here in our city from the Bryant Paper Company, who used to make our waterleaf. We wouldn't be in business today if we had to continue buying our waterleaf from them. We never had two shipments alike, and that same thing will occur with Story.

They might have had one good car and are using that for samples; but the general run is the real test after all.

We are not especially enjoying this price war that is on; but we realize we must go through with it whether we like it or whether we don't. It is one of the bitter pills of life and we are going to swallow it and try to forget it.

We will keep you advised regarding any changes that we make.

EXHIBIT P340

House Letter. March 5, 1928. Mayer to Grossmith.

I am attaching a copy of letter received from The Blanton Company of St. Louis, also copy of my reply.

We certainly do not understand where Story got the 91¢ price from, since this is 10¢ a thousand less than our wholesale. This is slightly over 1-½¢ per pound reduction.

As you know this is a very good account, and I am putting every confidence in Mr. Mannebach's "say-so" on this price.

P. S. It has just been brought to my attention that in spite of what Mr. Mannebach said in the first two lines of his letter, that he did not give you an order, we have your orders for 400,000 8 x 11 taken on this same date for shipment March 15th and April 15th.

Tell us in detail what this has all been about as it seems to be rather mixed up, as on the same day he was perfectly willing to give you an order at our regular price.

In view of the postscript on my house letter to you, I am enclosing my original letter which you can forward on to The Blanton Company if you figure it is hopeless to hold their business other than by meeting this 91¢ price.

Wire us at what price we should enter your two orders for March 15th and April 15th shipment.

EXHIBIT P341

Letter. March 5, 1928. Mayer to Mannebach.

We wish to thank you for your frank letter of March 2nd and appreciate the spirit of co-operation manifested. This drastic cut in price by The Story Parchment Company was undoubtedly made as an inducement to get your business.

We think a great deal of your account and have appreciated the splendid business you have been sending us in the past years, and are therefore going to be just as "sporty" and meet this price, giving you the same guarantee against decline

Send along your order or contract for the 8 x 11 30 lb. plain Parchment, and we will honor it at this special price of 91¢ per thousand. Again thanking you for this opportunity to hold your business and looking forward to your further favors, we remain

EXHIBIT P347

Telegram. March 6, 1928. Cox to Cashmore.

Have nothing new to report on Story competition since our long distance talk yesterday morning except that Beatrice Advise Story have quoted them one cent per pound below wholesale similar to Fairmont report from Kennedy Parsons Stop Beatrice have given trial order to Story on this new basis.

EXHIBIT P318

Telegram. March 6, 1928. Cox to Cashmore.

Have nothing new to report on Story competition since our long distance talk yesterday morning except that Beatrice advise Story have quoted them one cent per pound below wholesale similar to Fairmont report from Kennedy Parsons Stop Beatrice have given trial order to Story on this new basis

EXHIBIT K227

Letter. March 6, 1928. Dohan to Dear K. (Kindleberger).

I expect to go West in the course of a couple of weeks, say, somewhere about March 20th to 30th, and wondered whether it would suit your convenience to have a meeting on the Import situation and where it would be convenient to meet.

EXHIBIT K123

Letter. March 6, 1928. Kelly to Southon.

Undoubtedly you have heard the news, but just to keep you posted, we have just been advised by one of the wholesale paper jobbers in this city that they have just received a letter from Story Parchment Co. advising a reduction of 1¢ per lb. on their product.

EXHIBIT P348

House Letter. March 6, 1928. Cox to Cashmore.

Referring to your letter of Feb. 28th in reply to mine of Feb. 25th on the subject of Mr. S. W. Jones and the competition we might expect from Story in Wisconsin.

In the 4th paragraph of your letter it appears you understand that the concerns in the Monroe section that I mentioned are cheese manufacturers rather than jobbers. However, all these concerns are jobbers.

Discussing this matter again last Saturday with Mr. Jones we decided that it probably would be some time before Story would become active in the Monroe Region and that for the present wholesale to these jobbers would be as low as we would have to go. Accordingly Stanley is proceeding on the wholesale basis, and the fact that he secured orders from Badger Cheese Company yesterday for about 8M lbs. makes me feel that our judgment is sound. Later if Story puts the 2½% below wholesale proposition to these people, Jones feels he will be given the refusal of the business, and at that time we can meet the situation. For the present therefore please understand that we are quoting that trade at no lower than wholesale.

EXHIBIT P317

House Letter. March 6, 1928. Cashmore to Cox.

This will acknowledge your two letters of March 2nd in reference to the Story matter and their offering five percent below the

wholesale to Meyer Blanke and others, but as you know, these matters have been discussed by us over the telephone. This will serve as acknowledgment without further comment.
Swift's orders are coming thru with five percent entered on them and are being acknowledged in accordance.

EXHIBIT P319
Letter. March 6, 1928. Cox to Cashmore.
With reference to attached copy of telegram which I am sending day letter to your residence, Mr. Gubbins was visiting Mr. Post of Beatrice Creamery Company this afternoon and was given the information this telegram contains. Mr. Gubbins is to be at Sugar Creek Creamery Company, Danville, Illinois, Thursday when I rather expect we will hear that that customer also has been quoted the same as we have heard from Fairmont and Beatrice, namely 14¢–14½¢ 17½¢ on 40–30 and 25 lb. respectively.
I met Moody of WCP at the Yards today and Greenlee of KVP has been on the phone twice during the day to compare notes. Both of these men say they have been in touch with their Mills by phone during the day and received word that for the present at least there is no change whatever in their prices. Therefore both Moody and Greenlee are proceeding like myself and for the present standing pat on our last price instructions.
Greenlee tells me that Blue Valley have the new Story proposition, of course he knows also that Beatrice have it, and I gather that he is again worried about the situation. I imagine in his phone talk with his Mill later in the day he may urge that this new situation be met. As Greenlee thus far has no intimation that we are beginning to again share in Beatrice's business, I said nothing of what we had heard from Mr. Post and I am not sure that he has learned of Mr. Post placing a trial order with Story.
At the Yards today Mr. Lovelace was not at Armour's office, being home under the weather and for that matter Gramer also had a sick spell and did not get down until 1 P.M. Gramer showed me Story's latest proposition which was exactly as I told you in my wire of Saturday. That is 14–14½–17½¢ less ¼¢ per lb less 2½%. He did not in any way urge me to meet this basis, but this possibly was due to his lack of pep due to his indisposition.
Mr. Howard Hollis of Hollis & Duncan talking with us yesterday said Story's representative had told them that as quickly

as their three competitors met their prices, they would go 2½% lower; that they would carry the price down to 12¢ if necessary. Story went on to say according to Howard Hollis that they had their competitors licked in every way. Their paper is better, their equipment is better, they are in position to revolutionize the parchment industry and they can turn out parchment lower than any of their competitors.

EXHIBIT P285

Letter. March 6, 1928. Cashmore to Dohan.

I am glad to have the clipping you forwarded to me in regard to the earnings of the Crown Williamette Paper Co. and find interest in their statements.

Like all other paper mills, they are suffering with a decrease in earnings, tho in their case they have a considerable margin before they scrape bottom.

They are a powerful outfit and my inclination is to keep friends with them on the Pacific coast rather than otherwise.

EXHIBIT W-60

Telegram. Mar. 7, 1928. Starrett to West Carrollton.

Under date March first Institute announce further reductions for obvious reasons new prices will not be published Quotations made on request Members protected against a decline new price not known as yet until inquiries are sent in The price is intimated as fourteen cents flat No discount but not definite.

EXHIBIT P342

House Letter. March 7, 1928. Grossmith to Mayer.

Be assured we were very much surprised to receive your several house letters of the 5th and copy of the Blanton Company's letter of the 2nd and your reply of the 5th, which you forwarded to this office for us to send on to Mr. Mannebach, if we thought we were unable to hold the business on any other basis than prices quoted by Story.

We have figured the method that Story used in quoting Blanton a price of 91¢ per M is that they extended them the 1¢ under wholesale on 30 lb. which would be 14½¢ per lb. less 2½% which is the price they are extending to pork packers and members of the Institute as I understand it. I dont see anything else for us to do except as you have suggested in your letter of meeting this competition, as I have every confidence in Mr. Mannebach telling the truth in that Story made him a price of 91¢ per M.

In regard to that part of Mr. Mannebach's letter in which he says he did not give me an order when I was calling on him March 1st, wish to state that in all my experience in securing business from the Blanton Co., for the past five years he has been giving me his orders and I have never receive a written order.

We generally visit back and forth, conversing on various subject, and when I called on him on the above mentioned date he showed me samples of Story parchment but he did not have their prices and I did state that we were going to meet this Story competition, and after further effort on my part I suggested we book his order for his usual amounts for our March and April St. Louis cars, and he said as he usually does, all right put me down for 200 M for this month's car and the same for April car, which I did, which are the orders you now have on file at Passaic.

We are writing Mr. Mannebach today as per attached copy and we sincerely hope we will be able to still enjoy this splendid account, whose tonnage as you know runs into very interesting volume.

EXHIBIT P343

Letter. March 7, 1928. Grossmith to Mannebach.

Our General Offices at Passaic has forwarded a copy of your letter of March second sent to them and also their reply of March 5th.

It is surprising news to learn that Story has quoted a price of 91¢ per M on 8 x 11-30 lb. basis plain, and we appreciate very much your advising us, and are hopeful that you will permit us to continue to furnish you with your Vegetable Parchment needs, and allow us to include in our March St. Louis car, your order for 200 M 8 x 11 No. 4–30 lb., plain, and same quantity in our April car, which the writer understood you wished us to do when calling on you March 1st. This of course will be invoiced to you as our Mr. George C. Mayer states in his letter of March 5th, at a price of 91¢ per M, and the writer is very much pleased that our Company has taken this stand, as we appreciate very much your splendid account.

Kindly wire our Chicago Office our expense if agreeable to ship the two above mentioned orders.

EXHIBIT W-63

Letter. March 7, 1928. Moody to Moyer.

Swift did not have any orders for me to-day—Armour's buyer had left the office—but left word he had sent my orders for to-day thru the mail. I will get same to-morrow—Cudahy orders I enclose.

Jelke advised me that they had placed an order with Storey and that we would have to meet Storey price if wanted any more—this maybe just "bunk"—but I am reporting it as I got it over the phone. Claims they had made a test on Storey's parchment and it was satisfactory While I am not yet absolutely certain—I believe that Storey's price to the Big Four is 25¢ cwt under the prices I gave you in other words prices given in my wire of March 3rd I am almost positive are the correct prices—I show the Big Four 25¢ differential in this wire—

That report I gave you a couple of weeks ago—about Storey advising a certain buyer that they were prepared to go as low as 12¢ lb for 40 lb. Basis—is now generally known among the Big Four packers and the jobbers—their representative is evidently spreading this information.

EXHIBIT W-62

Letter. March 7, 1928. Moody to Moyer.

Jelke just phoned regarding price shown on your acknowledgement of Mch 6—Covering order 963—they advise you neglected to show discount of 2½% on the printing—they claim Kalamazoo is making them a discount of 2½% on the printing also.

EXHIBIT W-61

Letter. March 7th, 1928. Orchard to Dear Miles: (Moyer).

I was out to see Independent and am enclosing herewith evidence enough that the Story people are not alone reducing the prices, but are broadcasting several statements regarding the parchment manufacturers that deserves some real consideration. This is given to you from the standpoint of co-operation, and I believe it might be well to try in some way to think of some possible scheme to put a stop to this before it goes too far in the minds of the people who are consuming Parchment.

As you can see, we are forced to meet the competition; therefore, there is only one thing you can do and that is bill the car at 14¢, and in the future we hope we can do something better.

While this letter does not state that these prices are subject to 2½% discount to the Institute, there is no doubt in my mind, whatsoever, that the Institute is now in possession of this price list, and that the members will be given the 2½% by purchasing from these people. Therefore, I believe it will be in order for you to include the 2½%, and we pass it on to the customer. However, while it does not say this in the letter, if you believe this is what they are going to do, I believe it will be a wise policy to follow and meet the issue at this time. It is certainly too bad that an outfit like this can disturb the entire industry by making such prices at this time, and we do not know what they might do in the future.

The worst part of all that I see from this letter is a line of talk that he is trying to put over to the consumer. It certainly puts the industry in a bad light.

I cannot say any more at this time. I do not know what will happen next, but I wish you would ship the car as quickly as possible, and it will have to be billed at this price, and if you feel in your heart that they are going to allow 2½%, you had better include it, and we will pass it on to the customer.

I should like to write you better news, but this is as the writer finds it. You may keep the enclosed letter. I have made a copy of it for my own file. While this particuar letter was not addressed to the Independent Packing Company, as you see, still it was received by them and addressed to "Gentlemen." Please be good enough to inform the writer what steps you will take to combat this matter.

EXHIBIT W-145½

Letter. March 7, 1928. Moyer to Dear Karl: (Simonton).

Replying to your letter of March 5th.

I have been out sick for the last week, in fact ever since I came back from New York and today is about the first that my voice has been in condition to dictate letters and it is not any too good at that.

Regarding the Manilla Wax, this is not a Manilla sheet. We have discovered that it is made from all Mitscherlich Sulphite and the first hundred thousand pounds of this paper we were obliged to place with another mill. I knew you did not have this grade of Sulphite and it was also a question whether you

were in position to get it quick enough to take care of the business. The next time you are down this way I will discuss this item with you.

You have caused us to lose several small orders on the 35 lb. unbleached Waxing. We had the business and it has been cancelled because you failed to make shipment as promised, in fact it was over a week after I was advised this paper was on your machine before shipment was made.

With regard to sufficient tonnage to keep you running during the present month. We will give you all that we can, altho so far you have lost one or two cars owing to the fact that you were not in position or did not have the stock to make the paper. This is outside of the hundred thousand pounds of Canary Mitscherlich Waxing mentioned above.

I notice in one paragraph of your letter that you are rather elated over the attitude your people have taken and that you are hoping we can give you full tonnage for this month so as to put your business across. As I told you before, we are going to give you all possible but this is the same statement you have made several times before and I really think if your backers intend to run the mill it is time for them now to come thru with sufficient capital for you to finance the proposition. They can't expect your friends to indefinitely finance their proposition. The fact that you have lost considerable tonnage in the last couple of weeks thru lack of proper finance should show them that now is the time to get back of you if they intend doing anything of this kind. I do not suppose you are aware of the fact that we have had a number of reductions in the price of Parchment paper in the last two weeks, in fact it is selling today for ½¢ to 2¢ lower than a month ago. This means that every bit of profit has been wiped out for us and I rather think that for a time we will be selling a trifle below cost. You can readily understand with this condition staring us in the face and actually with us, that it is going to take all the money we have to look out for ourselves. I am merely giving you these facts so that you may get yourself shaped up, and as you well know there are one or two mlils that will be glad to take our business on a regular thirty day basis or even better, in fact we are being crowded every day for tonnage, but just so long and as far as possible, the writer wants to favor you but I just want to say again that the time has now arrived for your principals to come thru with something besides promises.

Now I hope you take this letter in the spirit in whcih it is given to you. I have given you the conditions we are facing so you can see why I have written you above because if you are not able to carry stock of rags and Sulphite such as is needed for our requirements, you can readily see that when we get these rush orders they will go to the mill that can make the quickest shipment.

EXHIBIT P346

Telegram. March 8, 1928. Blanton Co. to Paterson.

Ship orders as placed.

EXHIBIT P345

Telegram. March 8, 1928. Paterson (Chicago) to Paterson (Passaic).

On Armour Philadelphia order 134516 ship our old 36 x 36 In wiring yesterday we overlooked we are not carrying 32 x 36. STOP Enter Blanton orders at ninety-one cents per thousand.

EXHIBIT K94

Letter. March 8, 1928. Howe to Southon.

I don't want you to think I was rushing you when I talked with you this afternoon regarding the above matter. I had to talk to Ben so I thought I would speak to you about it at the same time.

The price they are making here is one cent per pound under ours with an additional 5% to the jobber and they will unquestionably do some business at that figure.

Of course, I don't know what it costs them or anyone else to produce parchment, but if they are selling it without making a profit it will only shorten the agony for us and we would be foolish to meet their price.

I want you to know that I feel that the K. V. P. Co. is perfectly able to take care of itself in a scrap of this kind and whatever policy we adopt will receive 100% support from yours truly. It looks to me as though they are hard up and have got to do something rash in order to get in some money.

EXHIBIT K228

Letter. March 8, 1928. Southon to Dohan.

We have your letter of March 6th addressed to the attention of Mr. Kindleberger, and I feel that it would be a good thing to confer with you relative to the Import situation and since you expect to be out this way in a couple of weeks, I shall be very

glad to meet with you at any place you may designate, altho I presume Chicago would be as convenient a place as could be found.
Let me know when and where you would like to meet me, and I will be on hand.

EXHIBIT P 320.
House Letter. March 8, 1928. Cashmore to Cox.
I have yours of the sixth in reference to the time worn subject of the Story competition and their new prices to the trade.
I don't doubt but what Mr. Greenlee is very much upset as he is receiving his compensation on the commission basis and all of this means bread and butter to him and feel that he will do all he can to urge his mill to meet the new situation.

EXHIBIT P 344.
House Letter. March 8, 1928. Grossmith to Mayer.
We are attaching hereto wire received from the above company today that it is satisfactory to ship orders as placed. This is in reply to our letter to Mr. Mannebach under date of March 7th, copy of which we mailed you yesterday.
With this information we know that you will release the orders you are now holding, and price them at 91¢ per M which is meeting Story's competition. We are attaching confirmation of nightletter of even date to enter the above orders at 91¢ per M.

EXHIBIT P 425.
Letter. March 8, 1928. Miles to Dear Charles (Moyer to Cashmore).
We are getting up against it more every day with the Story Parchment. Attached is copy of a letter sent us this morning by one of our good customers and for whom we now have an order for a car of plain Parchment. In view of the quotation of 14¢ this customer has he is asking us to meet it, and furthermore adds that if this order was placed through the Institute he would get 2½% discount from this price. We have been enjoying, I think, the major portion of this customer's Parchment business for the last few years and we hate like the duce to pass up a car to this new competitor, and think that we will be obliged to ship at 14¢. In fact, it is either that or lose the business. Aside from this it has been put up to us pretty strongly that if we cannot allow the 2½% their next requirements will have to be placed with the Institute.

One of the big four packers in Chicago who has been favoring us with orders right along have given no specifications since the first of March. Has also stated that until we can meet Story price there will be no future business for us and we know that just yesterday Story secured several nice orders from this customer that we might have had if we would have made the price of 14¢ less the discount. As the situation is now, Story is loading up with our business.

After reading over the Story letter I get this reaction:—In view of the fact that at no time have we put out any propaganda or said anything detrimental to these people, and we don't believe that any of our friends have, so it reads to me like a whine from a party who is not getting all the business he expected.

I am hoping it will be possible that we get together in the very immediate future.

EXHIBIT W-146

Letter. March 9, 1928. Moyer to Simonton.

In checking up your invoices this morning we were surprised to note that you have charged us 8-¼¢ for 45 lb. paper. Our opinion is that it should be 7-¾¢. the same as the 37-½ lb. At any rate this is the way we have always bought Waterleaf from other sources and are doing so now. 37-½ lb. and on up unless it goes very high in basis weight is billed at the same price, in fact we have always bought our 37 and 45 lb. at the same price. We have to resell this paper whether it is in 40 lb. or 50 lb. Parchment at identically the same quotation, so we trust you will see your way clear to send us a credit memorandum for the difference on your invoice No. 397. We are passing the bill thru and it will be paid on that basis so if you decide that we are entitled to this credit it will come thru in the regular way.

Today we have reduced prices on Parchment 1¢ per pound and the writer would not be a bit surprised if we received better quotations on Waterleaf from different sources.

EXHIBIT K122

Letter. Mar. 9, 1928. Greenlee to Southon.

Attached hereto please find a small sample of Pearl Parchment which the Story Parchment Co. are offering Wilson & Co. at 11-½¢. per lb.

I happened to notice a memorandum on Mr. Kennedy's desk the other day, written in longhand, by Mr. Koch, to the effect

that the mill had wired him to tell Mr. Kennedy not to use the samples of Pearl Parchment, submitted, but that another lot of samples would be mailed promptly.

If you want to know more about this Pearl Parchment, and would like to see more samples, undoubtedly I can obtain them.

I have heard of "The Pearl of Great Price", but this must be another pearl,—"The Pearl of Low Price."

Please acknowledge.

EXHIBIT K143

Letter. March 9, 1928. Kindleberger to All Salesmen.

You will receive a letter today giving you the new prices on Parchment Paper.

Story prices will be lower in many instances than ours. No matter if you get down to 7¢ or 5¢ a pound, they will be lower. Make up your mind to that fact.

We are not in a position just now with our expansion program that we can afford to carry on a destructive war that will show red on our balance sheet.

Will you, from this day on, join the writer in setting your jaw? Tell the buyer straight from the shoulder that this is our price and our best price, and if they can buy cheaper somewhere else and they want to buy cheaper, wish them God speed in their venture.

We have been very conscientious in our business, have affected economies, and have always given them to our customers. We have done the very best we knew how. We trust it is appreciated.

We cannot and we will not sell our product at a price that shows us no profit. 60% of the Manufacturers today are running their businesses at a loss, according to statistics, 40% are making a little money, but very few are making good money.

The situation is not a very "rosie" one; but if our KVP Family will hang together both in the manufacturing and in the selling keep up their courage, continue to keep up their quality and even improve it if possible, ask a legitimate price, and keep firmly set on this foundation, we will win!

Will you join us in this new determination?

EXHIBIT K95

Letter. March 9, 1928. Roberts to Kindleberger.

The new parchment fellows are spreading their "Story" thru the Southern States just at the present—They are not try to sell on the merits of their paper—They are injecting ill feeling into the minds of the trade for the other mfgers.

One jobber told me that he said to their salesman, "You know more about the other fellows business than you do of your own and when you learn more about your own business you may call to see me" They are giving extra trade discounts full freight allowances and everything else—that will keep the trade in hot weather.

I know that you have been told this numbers of times but I just want to let you know that they have started down this way.

I am sure K. V. P. Co. will be here when the "Story" has played out.

EXHIBIT P349

House Letter. March 9, 1928. Cashmore to Cox.

Acknowledging your letter of March 6th, I am glad to have your explanation of the Monroe Cheese dealers whom you classify also as jobbers. This gives me a little different impression than I had before and can more easily reconcile placing them on the wholesale basis.

I think it would be wise at the present time to try to get the business on our new flat price rather than swing the 2½% in where ever we may come across it; the idea being to not follow Story with this 2½% below us but rather fight for the trade on its merit.

EXHIBIT W-111

Letter. March 9, 1928. West Carrollton to Gentlemen.

Effective today we announce a reduction of one cent per pound on the wholesale price of West Carrollton Genuine Vegetable Parchment. The new prices will be as follows:

25 lb. basis Parchment — 17-½¢ per lb.
30 lb. basis Parchment — 14-½¢ per lb.
40 lb. basis Parchment — 14¢ per lb.
50 lb. basis Parchment — 14¢ per lb.

DISCOUNTS ON LININGS AND CIRCLES

Less than 500 each size — 17-½% and 2-½%.
500 to 1000 each size — 22-½% and 2-½%.
1000 to 2000 each size — 27-½% and 2-½%.

2000 to 5000 each size — 32-1/2% and 2-1/2%.
5000 and over each size — 52-1/2% and 2-1/2%.
There is no change in the retail or printing prices. Therefore, the retail price list dated January 2, 1928, is still effective.

Ex. P-6 and P-8 are Paterson's and Kalamazoo's bulletin of same date similar to last.

EXHIBIT W-147

Letter. March 9, 1928. Karl to Dear Miles (Simonton to Meyer).

I certainly regret to learn this morning by yours of the 7th that you have been laid up and from your letter I take it with a severe cold. I hope, however, by this time you have practically or fully recovered; for I too have been fighting off a cold for the past week. I believe if you will resort to plenty of hot water, lemon juice, a dash of sugar, and one of your Kentucky gentleman friends you may find prompt relief, as I have, and if you are a little short on Kentucky gentlemen I will immediately arrange to see that you are taken care of.

I appreciate very much your remarks regarding our condition and I am glad to tell you that we have already arranged and are now receiving a sufficient stock of materials to take care of your requirements immediately. In fact we have an extra car of soda pulp just coming in, also an extra car of Alpha, and both of these items, as you know, we use in very limited quantities. In addition to this we have arranged for our bleached Sulphite shipments at the rate of six cars every four weeks, which will give us a surplus of at least a car or a car and a half at all times. We also have a very large car of unbleached pulp on hand and another one being shipped immediately. This puts us in a most desirable position, with the exception of Rag Pulp, and this is really an item that it is hard to carry in stock for any length of time, due to the fact that it is shipped 40 to 50% wet, which, if in storage ten days or two weeks, is inclined to mold and discolor, and these features are hard to wash out in the beaters. We have plenty of rag stock on hand to date, and another car due here this afternoon or tomorrow morning, so you can see that we are now in a position to give you anything you order immediately. In fact I am willing to agree to ship within forty-eight hours any items of Waterleaf you may require, with only the provision that we can make up a car, and this is also true of the 35 lb. Unbleached Waxing.

We have come to the conclusion, as you have indicated, that the extra strong Manila Waxing is made from Mitscherlich pulp and we are arranging to get in a trial car of extra strong pulp of

this grade, so that it should be on hand within the next ten days. I am trying to arrange to come down and see you one day next week, if agreeable, although I am still having a little trouble with my knee, but I am able to get around pretty well, and by next week I will be able to run down to see you, as I would like to talk over several of these items with you personally.

With reference to my principals, since they have made a change in their organization, there has been more interest developed with them than ever before, and the only thing that they are at all skeptical about now is "can we make any money at all at present prices." My answer is that we can if we can run full and I know from their present attitude that if I can demonstrate this fact at all, we will have no cause for worry about the future. I realize that I made this same statement to you before, but the organization with whom I an affiliated is of a different type and character than it was before. I realized this some months ago, but could not go back to you and explain in detail, as I now can.

In conclusion let me thank you for the orders received by us recently, and also let me give you our assurance that we will do everything possible to keep our product uniform, clean, strong, and up to standard in every way.

EXHIBIT W-64

Letter. March 9, 1928. Moyer to Moody.

We just replied to your wire with reference to Hately's order that we would be able to make a shipment on this next Tuesday morning and as it goes by Universal it should be in Chicago in sufficient time to take care of your customer.

Your letter advising that Mr. Traver don't think he should let us see his presses with Claybourn attachment received. It is perfectly alright with us, in fact we are not interested in the Claybourn system now. Since writing you on this subject we have investigated and found a much better method than the Claybourn and have instructed the Kidder Press Company, who are building our new machine, to put this other system on it and by the way should Mr. Traver at any time care to see this arrangement we will be perfectly willing and glad to show it to him. In the writer's opinion there are not any secrets in the printing game, to be perfectly frank with you I have a very good mental picture of exactly what the Traver people have on their presses. I would not care to have you mention this because the

party who painted this picture for me is often in their plant, so you see there is not much to this secret equipment business. At any rate there is nothing to be hid with reference to the Claybourn system as it is in use in many places and can be bought on the open market. Just thank Mr. Traver for the courtesy and tell them that it will not be necessary for us to call at this time.

I read with interest your letter regarding the division of orders at Armour. Now this is all mighty fine, but we would hate like to deuce to lose this all over printed "Cloverbloom" quarter pound butter wrapper business of Armour's. We have always taken mighty good care of them, have the plates and certainly hope that you can get Mr. Lovelace to continue favoring us with this butter wrapper business. Of course we want the Oleo business also, but just keep in mind that most of these Oleo wrappers are machine trimmed and it is a much harder proposition to handle than the regular butter wrappers, altho I would not want you to say this to Mr. Lovelace. What I am trying to get across is, get the Oleo business by all means, but at the same time if you can do so without creating any feeling, hang on to the butter wrapper business we now have. With the reduced price, which by the way is at cost and in some instances I am afraid it is going to run under our costs, it is going to be necessary that we get every pound of business possible.

In anticipation of more printed butter wrapper and Oleo business we have just purchased another three color Rotary press which is going to cost us better than twenty thousand dollars. However, it takes time to build this machine and I do not suppose we will have it in the place before late in June or July.

Attached to this letter I am sending a copy of the letter that has been broadcasted by the Story Parchment Company in which they indulge in considerable loose talk, doing the very thing they accused us of doing. So far as I know, whether the writer or anyone connected with our Company, have never said a word detrimental to the Story people, in fact we have politely ignored them and I am quite sure the same has been the attitude of our competitors, and while a letter like the one they have written may appeal to some people of radical ideas, still I do not believe it is going over very big with a buyer who stops to think and then considers, well, what have any of Story's competitors ever said to me about them.

As per our telephone conversation of this morning we have reduced the price on Parchment 1¢ per pound on the wholesale list only, the retail prices and printing prices remain the same as heretofore. There are no other discounts than the regular 2% for cash and the new prices are as follows:

25 lb. Parchment — 17-½¢ per lb.
30 lb. Parchment — 14-½¢ per lb.
40 lb. Parchment — 14¢ per lb.

From this of course your Big Four packers will get their usual ¼¢ and the discount on liners and circles is 52-½%and 2-½%. Now keep in mind not to add these two discounts together but take the one off and then the other, it makes a slight difference. I do not quite understand Story's price to the Institute. From several sources we have been advised that their price is 14¢ flat, no discount. We got this from two of our good customers who buy in large quantities and are members of the Institute. On the other hand we have an intimation from another customer that the price is 14¢ and while he has not been advised as yet, he is under the impression that he would get 2-½% if placed thru the Institute. There seems to be a general misunderstanding as to these prices. However, so far as we can gather 14¢ is satisfactory to two or three of our best customers.

Referring to your letter of the 7th in which Jelke wants 2-½ on the printing in addition to the Parchment price he already has. With this new price we are issuing today and keeping Jelke on the packers list, will make his price 17-¼¢ as against $17.79 our last quotation. We will however, be obliged to charge him our regular printing price and I am quite sure that this the same quotation as he will receive from any other manufacturer.

EXHIBIT P53b

Order. March 10, 1928. Swift Co. to Paterson (Passaic).

Please ship promptly the following: Team deliveries must be made before 3 P.M.

500–30 lb. tub liners No. 208.

List less 52½ & 2½, 2% ten days, f.o.b. mill.

EXHIBIT K96

Letter. March 10, 1928. Southon to Howe.

I like your attitude as expressed in your letter of March 8th and by this time you will have read the letter that Mr. Kindleberger wrote you yesterday, regarding our feeling at the present time on Story competition.

If you maintain the spirit expressed in your letter of March 8th, Story competition is not going to bother you at all.

EXHIBIT K245

Letter. March 12, 1928. Southon to Moyer.

As I told you over the telephone a few days ago, we would see what could be done to revise the price on Waterleaf and after going over our costs, we find that we can quote the following figures:

24 lb. Regular 8-¾c per lb.
27 lb. Regular 7-¾c per lb.
28 lb. Regular 7-¾c per lb.
35 lb. Regular 7-½c per lb.
45 lb. Regular 7-½c per lb.

I sincerely trust that you will find these agreeable and that we shall continue to receive your specifications for Waterleaf.

EXHIBIT K97

Letter. March 12, 1928. Kindleberger to Roberts.

I have your letter written me from Memphis relative to what our Hebrew Friends are saying and doing.

You really wouldn't expect anything else, would you?

In all my many years' experience with competition, never have we run into anything so dirty as this; but they are young and know no better, and it is simply a question of a little while until they will either change their tactics or go out of business.

Of course we regret it — we can't help it—so we will do the best we can.

EXHIBIT K229.

Letter. March 12, 1928. Dohan to Southon.

Your March 8th letter received. I expect to hear very shortly from Toledo, and then will know definitely my dates for going out there. If equally convenient, I think perhaps it would be better to meet in Toledo. I rather think it will be the latter part of the week of the 26th, or perhaps the forepart of the next week, but I will keep you advised.

EXHIBIT P350

House Letter. March 12, 1928. Jones to Cox.

I sold attached order to Winnebago Cheese Co. at 14¢—F. O. B. Fond du lac, and am billing it thru Damrow Bros. Damrow wont make anything on it but they agreed to bill it at price I sold it after I explained the situation to them, that Story was

quoting wholesale price to cheese jobbers, delivered. They think that when conditions get stabilized again they can again make their profit. Story is surely flooding this territory with mail matter. Had a heavy rain storm here last night. Fond du lac is about one fourth under water. Highways are flooded in places which has slowed me up somewhat. I couldn't get to Sheboygan.

EXHIBIT W-148

Letter. March 12, 1928. Southon to Moyer.

As I told you over the telephone a few days ago, we would see what could be done to revise the price on Waterleaf and after going over our costs, we find that we can quote the following figures:

24 lb. Regular	8-¾¢ per lb.
27 lb. Regular	7-¾¢ per lb.
28 lb. Regular	7-¾¢ per lb.
35 lb. Regular	7-½¢ per lb.
45 lb. Regular	7-½¢ per lb.

I sincerely trust that you will find these agreeable and that we shall continue to receive your specifications for Waterleaf.

EXHIBIT P352

Telegram. March 13, 1928. Gubbins to Paterson.

Retel Cherry quoting Mellen produce their representative there this week Stop Ship parcel post immediately to dairy supply five hundred only number ten liners Stop West Carrollton offering Art Parchment twenty-two cents per lb. Storey Art Parchment at twenty five per lb mailing samples and full information

EXHIBIT K246

Letter. March 13, 1928. Moyer to Southon.

We appreciate very much yours of March 12th giving us revised prices on Waterleaf. Under separate cover we mailed you an order for another car which I think is about all we will need this week. We will keep in touch with your schedule of running on this grade and try to work with you as closely as possible.

DFT'S EXHIBIT K124

Letter. March 13th, 1928. Greenlee to Southon.

I guess all of the Packers know that the Story Parchment Co. are quoting 57-½% Trade Discount on Parchment Circles, as against our discount of 52-½ and 2-½%.

I don't know that I have lost any business, for really I don't sell a great many circles to the Packers.

Swift & Co. buy their Parchment Circles for Butter from Paterson's, and Mr. Gramer told Mr. Cox this morning that the difference between the two prices is 9%; in other words, our net price is 9% greater than Story's net price.

I imagine that Paterson's sell Swift & Co. a great many Parchment Circles, and while we sell Armour & Co. considerable, we don't sell them as many as one might expect; but I don't know of losing any business.

Mr. Cox seems a little bit concerned and suggested that I write you.

Mr. Cox tells me that there was a party in from the Twin Cities who stated that it was rumored around St. Paul, that the Story Parchment Co. just got a carload order from the Land O'Lakes crowd.

I wonder if they did, or is it merely some more "talk."

I a[illegible] not asking for a lower discount on Parchment Circles and Liners, although it is tedious to have to stop to figure out this extra 2-½% discount, and it would be much easier figuring if our discount was 55%, but if there is a principle involved, I am willing to do this figuring.

I don't know just what the Story crowd are doing here, but I do know that you have made a big hit with the jobbers by not reducing the retail prices.

I do know that the Greaseproof Manufacturers are worried about the low prices on GENUINE Vegetable Parchment, and understand that just yesterday the Rhinelander Paper Co. reduced the price of greaseproof 25¢ cwt., so as to be just a trifle under our prices to the big Packers on 30 lb. GENUINE Vegetable Parchment.

What reports do you hear from Trenton?

Is the Plant running to capacity?

Mr. Kennedy of Wilson & Co. tells me that Mr. Koch told him a day or so ago that he would soon be in position to submit Wilson's samples of Orange Parchment.

Can the Story Parchment Co. submit samples of Orange Parchment without running reasonable tonnage, for I am sure that they haven't received an order from Wilson & Co. for any Orange Parchment, and we would hardly think that they would run up any tonnage in a special color without an order.

Awaiting your reply.

EXHIBIT P353

House Letter. March 13, 1928. Cox to Cashmore.

In accordance with my understanding when talking to you over long distance last Friday, I notified Swift & Company that our discount on liners and circles would be 52½% and 2½%.

Mr. Gramer advised me today that Story's discount is 57½%.

If you will figure the net equivalents you will find that our price is about 9% higher than Story. Will you please advise me if we are to stand pat on our 52½ and 2½ with Swift and also I suggest you give consideration to this considerable difference from the standpoint of Story quoting the Creamery trade.

EXHIBIT P354

Letter. March 13th, 1928. Repine to Mayer.

You referred to writer samples of the Page Dairy Company rolls and wrappers for Ohio Dairy Co. some time ago.

Page Dairy Company placed an order with Story Parchment Company for five hundred pounds as the sample you submitted Mr. Farnsworth of Page Dairy Company told me that a friend of Mr. Page's from Toledo brot a man in to see them upon the subject. This friend of Mr. Page's is a stockholder in the Story Company and Mr. Page called Mr. Farnsworth aside and told him they would have to give them something and he would leave it up to him. Mr. Farnsworth said that he told them to go ahead and ship 500 lb. as that was the smallest amount they could run.

He will order out a ton from us at an early date, having written their Mansfield plant while writer was there to ascertain their stock and will also give us dating on the next ton for Toledo.

The Story shipment had been received the day before and was in the storage. A small sample which I was able to tear off is enclosed. Without opening the crate it was impossible to secure a larger sample.

Much the same situation took place at Ohio Dairy Company where Mr. Berry told me a man by name of Goldman who has been a neighbor of his for years came over to see him one night and then later to the office with a gentleman from Story. He placed an order for 200M. They made him a price of 10 cents per M below our resale price, of today. They have not had their wrappers yet. In both instances they emphasized the high grade printing which would be furnished, the best parchment printing which has yet been turned out.

I find that they have been playing several local Toledo men (who have bought a little stock in Story) with all the purchasers of parchment in that city as writer suggested they would in a previous letter. This means that I will have to keep very close to the trade there.
As far as I have been able to learn these are the only two instances where they have placed any of their product in Toledo. I shall keep you advised of all developments.
(Mr. Page at one time had about decided to purchase some of the Story stock and later changed his mind.)

EXHIBIT P427
Letter. March 13, 1928. Charles to Dear Miles (Cashmore to Moyer).
This will acknowledge your note of March 8th and I can readily sympathize with you in your predicament with business going to Story because of their cut-throat methods.
While I am frank to say we have not experienced a great deal of it among the larger accounts we have, nevertheless, had some business cancelled because we would not meet their price.
I understand Mr. Dohan is arranging for a meeting of the Import Committee the latter part of this month in the West.
However, should you feel that it is necessary to convene before that specified date, let me know and I will be on hand.

EXHIBIT W-149
Letter. March 13, 1928. Karl to Dear Miles (Simonton to Moyer).
Thank you very much for the remittances received this morning, which we certainly appreciate. I neglected however, to take into consideration the deductions George made for the last lot of cores, which is entirely satisfactory, except for the fact that I had overlooked it.
I am trying to arrange to get down to see you the latter part of this week, and if I, for any reason, can't make it, I will arrange to leave here Monday and be in Dayton Monday night. Therefore, if you anticipate being away from your office Tuesday, or if it will not be convenient to see me at that time, will you drop a note upon receipt of this letter and I will be very glad to rearrange my trip to suit your convenience.
I will answer your letter of the 9th tomorrow, as I am called away from the office just now on very important business, which letter is regarding price on the last heavy weight Waterleaf.

However, you may be assured that this item will be adjusted to your entire satisfaction.
If Howard has any additional tonnage he can favor us with for Saturday of this week and part of next week we will appreciate anything you can send us.
Hoping to have the pleasure of seeing you as indicated above,

EXHIBIT K230
Letter. March 14, 1928. Southon to Dohan.
In reply to your letter of the 12th, I would like to suggest that if it is convenient for you, we meet in Chicago.
Toledo is a difficult point for us to reach and there are other reasons why I believe Chicago would be the better place.
However, we will abide by your decision, so you tell us the time and the place, and we will be there.

EXHIBIT K125
Letter. March 14, 1928. Spies to Southon.
Ezra Levin is in New York and is quite active among the Butter people and he making all sorts of propositions to them to get their business. He is working very hard with the butter printers who have been served right along by Mr. Sturm and has succeeded in getting some of this business away from Mr. Sturm. He is offering 1 lb. stock printed Butter Wrappers in any quantity at $1.19 per 1M which was the wholesale price on million quantities up to a day or two ago when we cut our price 1¢ per pound.
These people have been in the habit of buying at retail at the 50 or 100M sheet price, so of course, this drastic reduction appeals to them. In discussing this with Mr. Sturm, he thought he might be able to hold this business if we would invoice him the Stock Wrappers at the million sheet price permitting him to buy in smaller quantities than one million sheets, in other words, about 100 or 200M of the 1 lb. and possibly a quarter million of the ¼ lb., which he is willing to sell to the Butter People at the corresponding price that Story is quoting which is ¼ lb. wrappers @ 62¢. M. and 1 lb. wrappers 8 x 11 @ $1.19 M. You will see Mr. Sturm will practically have no profit at these figures, but he believes he is strong enough with these people to get the business on this basis and he would either hold it or else force our competitors to go still lower, if they are determined to have it and, of course, it would naturally accrue to the Mill's advantage to force them to take business at very low prices.
I would like to hear from you regarding this.

EXHIBIT K126

Letter. March 14, 1928. Horton to Kindleberger.

I am inclosing herewith a copy of letter which Mr. Spies has today written to Mr. Southon regarding the activities of Mr. Ezra Levin in New York. I think Mr. Spies' letter covers this situation perfectly and it appeals to me that Mr. Sturm's proposition is sound The only concession that we will be making will be that of permitting him to order the ¼ lb. and the 1 lb. wrapper in the quantities that he requires but invoicing at the million wrapper price.

Mr. Sturm in his royalty to our Mill, and to incidentally retain his connections with the butter printers, is willing to practically forego any profit in this business, or force Story to reduce his price even farther than his present quotation of 62¢ per 1M., on ¼ lb. and $1.19 per 1M on 1 lb., 8 x 11 size.

Will be glad to have your and Mr. Southon's reaction to this suggestion of Mr. Sturm's.

EXHIBIT P356

House Letter. March 14, 1928. Gubbins to Cashmore.

This will confirm my night letter to you tonight. Story are developing a sheet to be known as "Pearl Parchment, 24 x 36—basis 35 lb. only to sell at 11¾¢ per lb. This sheet is to be recommended only to the Packers, and it is my idea it will be advocated for wrapping Pork Loins.

Above info. was given me today by one of my friends here in the Wholesale Paper district. Notation was made in his copy of Story Price List, by their Mr. Goldman, Treasurer of the co. I have Story's Wholesale Price List basis 15½¢ if you would care to have a copy, will mail to you.

EXHIBIT P355

House Letter. March 14, 1928. Gubbins to Cox.

Was unable to write you yesterday as I stayed over in St. Paul to go out to Geo. Pilden's home for dinner and did not return to the club until 11 p. m. Nothing much in the way of orders, but plenty of info on Story as you can see from letters today.

Have just written C. H. C. that they are now developing a sheet "Pearl Parchment" basis 24 x 36, 35 lb. only, to sell at 11¾¢ per lb. This sheet is recommended only for the use of the Pork Packers, and it is my guess will be pushed for Pork Loins, and second grade Smoked Meats. You recommended this I recall

a long time ago, for Swift & Co. Story are offering Jobbers here Wholesale—5%. I have a copy of their Wholesale List on basis of 15½¢. Spent 3 hrs. this P. M. out to Brown & Bigelow. They have 11 M sheets of Sub. 100 Ant. on hand, have used only 9 M this year. I made a tour of the plant with Mr. Davis of Eng. Dept. who told me they had supplied W. C. P. Calendars last year, and that W. C. P. solicited their Parchment business @ .22 per lb. A discussion was held and it was the opinion of my friends Jones—P. A. and Withy Supt. that they should not take the risk of changing, so for a while at least we are safe there; Also met the head of their Design Dept. and Mr. Whittemore of the Art Dept. They are at present figuring on our Greeting Card order for 1928–(15M) and our Monthly Calendars.
Goldman of Story has made 3 trips up here and as I hear it, claims we are all to be out of business before they are through with us. They can sell at eight cents and make a profit, which no other mill can do. He says they need the support of every Jobber now to get going. He does not claim to be a salesman, says he is Treasurer of the Co.

EXHIBIT P351

House Letter. March 14, 1928. Cox to Cashmore.

Please note attached order No. 22456 and letter from Mr. Jones pertaining to it.
It is rather broad minded of Damrow to be willing to handle this order in this way.

EXHIBIT W-150

Letter. March 14, 1928. Karl to Dear Miles (Simonton to Moyer).

I am sorry I have not had an opportunity to write you sooner, and directly answer your favor of the 9th, with reference to our recent billing on the 45 lb. Waterleaf.
As you know, this particular item contains 50% more rag than the other grades, and we have always made it here in this manner. Also, if you will refer to previous invoices, you will note that our charge for this item has been 8½¢ per pound. At the same time we were selling the 37½ lb. at 8¢ per pound. In billing the last item of 45 lb. we reduced the price ¼¢ to make it correspond with the present price of 37½ lb., which I thought would be satisfactory. However, I am perfectly willing to abide by your decision in the matter and will be glad to send you a credit memorandum for the diffeffence upon receipt of your reply, after you have reviewed the above.

As I wrote you yesterday or the day before it is very doubtful now if I can get away this week, as we are having a "heck" of a time with our Auditor; getting our reports completed and also making up our Income Tax Returns, for, as you know, we only have the services of this Auditor approximately two days per month. There-fore, if it is just as agreeable to you, I will be glad to leave here Monday, and, (if the weather permits I will leave at noon) drive through to Dayton, arriving there about dinner time. If this is not agreeable to you, will you kindly advise us some other day and I will make my plans accordingly?

EXHIBIT W-151

Letter. March 14, 1928. Moyer to Dear Karl (Simonton).

Replying to your letter of March 13th I expect to be here at the mill the balance of this week and the first part of next week. I am still under the weather and not in position to get out on the road.

With reference to additional tonnage, just consulted with Howard and we are not in need of anything at present. Furthermore, we have been quoted a much better price on Waterleaf than you are making and with the conditions we have to meet today, not only was our price cut 1¢ per pound, as I have already told you, but there are other price cutting features that we have to meet and we could not break even on Waterleaf at your [redacted]. Of course if we could not get better prices we would have to face the music, but since we do have a quotation that will allow us to break somewhere near even we have no choice but to accept it. If you find it is possible to make a lower quotation on Waterleaf I would suggest you do so, and also make it apply on your invoices of the 13th.

In a Directors meeting we had yesterday I have been severely questioned why we pay you for Waterleaf that we cannot run, then return some of it and not take this off when making remittance on your invoices. Also, why we are still holding better than a carload on hand for which we have paid, and why we have not returned this Waterleaf. My Directors informed me quite bluntly, they are not in the banking business and feel that it is up to us to do business with a concern that can finance themselves. I believe when you think this over you will admit that some of the things the writer has done would not be classed as good business, but in my anxiety to help you I have sometimes allowed my judgment to be overruled. Of course I have also taken into

consideration the desirability of a mill situated as you are, but to put this over to a Board of Directors, and especially to one who is a hard headed banker, the argument falls flat.
I will appreciate hearing from you at your earliest convenience.

EXHIBIT W-152
Telegram. March 15, 1928. Simonton to Moyer.
Just received yours fourteenth Have carefully noted contents and will arrange to see you next Tuesday morning without fail You may be assured will adjust matters to your entire satisfaction Stop Meantime will appreciate any additional tonnage with assurance price be made satisfactory to you

EXHIBIT P357
Telegram. March 15, 1928. Gubbins to Cashmore.
Story are developing new sheet Pearl Parchment recommended only for Pork Packers basis 24 x 36 thirty-five pounds to sell at eleven and three quarters My idea is it will be advocated for Pork Loin Wrappers.

EXHIBIT P361
Telegram. March 15, 1928. Cox to Cashmore.
Refer my letter thirteenth about Storys discount in liners and circles Stop Gramer asked me to advise him tomorrow what if anything we will do He is holding some circle and liner orders

EXHIBIT K127
Letter. March 15, 1928. Southon to Greenlee.
I am not surprised to learn that the Story people are quoting a trade discount of 57½% on Circles and Liners. They are likely to do most anything. However, I do not think it is anything for us to worry about.
No matter what prices we may quote, they are bound to quote a little lower because it seems as if that is the only way in which they can secure business.
As to the truth of their statement that they have received a carload order from the Land O' Lakes people, I cannot vouch. However, I doubt this very much, but am going to make it a point to find out.
I do not know just how much business the Story people are doing and whether or not their Plant is running to capacity. Frank Mossteller was in the office yesterday and said that when Ezra

called upon Eddie Wuebold of the Whitaker PaperCo. of Cincinnati, Ohio, about ten days or two weeks ago, he indicated to them that they were very sorely in need of business and some of the letters which they have written to the trade recently, would indicate that this might be true.

We can appreciate the feelings on the part of the Grease-proof manufacturers now that the spread between the price of Grease-proof and Vegetable Parchment has been lessoned, and it is interesting to learn of their reduction of 25¢ per cwt.,

There is no reason why Story could not submit samples of Orange Parchment, altho it seems to me that it would be quite an expensive thing for them to do. I doubt very much, indeed, whether they could find any mill to make them the Waterleaf in a smaller quantity than 5 to 10 M lbs. and if they buy this amount they will have to take a chance of disposing of it after it is parchmentized. There is, of course, nothing to prevent them from submitting samples if they wish to gamble that much on the proposition.

EXHIBIT P358

House Letter. March 15, 1928. Cashmore to Gubbins.

This will acknowledge your telegram sent from Minneapolis this morning advising that Story are developing a new sheet of parchment recommended only for pork packers, basis 24 x 36—35 lbs. to sell at 11-¾¢.

It would be well to keep your eyes open for samples of this and forward it to me as soon as possible so that we may determine its nature and whether or not it will have any effect upon our regular parchment business.

EXHIBIT P362

Letter. March 15, 1928. Cox to Cashmore.

Referring to attached copy of telegram, while Mr. Gramer did not definitely express himself, I gained the impression that he felt that we and KVP and WCP ought to have our prices on liners and circles closer to Story's. As I pointed out in my letter of the 13th our prices net about 9% higher than Story's and evidently that is too much of a difference for Gramer.

Incidentally in showing me Story's letter that contained their latest proposition Mr. Gramer still has the understanding that Story are quoting regular wholesale less 2½% That is 14-14½ and 17½¢ less 2½%

That certainly is the way Story's letter reads but in discussing this matter with Greenlee and Moody they were of the opinion that Story simply sent their regular letter to Swift and the other big four packers, and were intending to explain verbally or later by letter that the big four packers would get one quarter cent per pound lower than these prices., which of course are the prices that are quoted to the Institute and general run of small packers.

I do not want to open up this subject with Armour or Cudahy for fear if they understood it as Gramer does they might decide to ask Story if they were not entitled to one quarter cent per pound lower than the small packers. However, so far as Gramer is concerned he is understanding the letter as it reads, so that we are very little higher with our ¼¢ per lb. off than Story with their 2½% off.

EXHIBIT P53c

House Letter. March 15, 1928. J. A. of Paterson (Passaic)? to Paterson (Chicago).

We are attaching our acknowledgment A-40763 covering the above order for shipment to their Produce Plant, Lexington, Ky. Mr. Gramer has the price noted 52½% and 5% f.o.b. mill. Our latest price contracts, copy of which has been mailed your office shows pricelists on liners and circles is 52½% and 2½%. Will you kindly call this to Mr. Gramer's attention and request him to change his records to correspond.

EXHIBIT P363

House Letter. March 15, 1928. Cashmore to Cox.

Acknowledging your letter of the 13th in re discount on circles and liners, it is our purpose, for the present at least, to stand pat on our present listing of 52½% and 2½% even though it is higher than the Story discount but, at the same time, it would be well for us to watch developments very closely to denote the pressure brought on us to equalize or lose the business.

I know you will keep me constantly advised for you know Story is bound to keep below us and to meet the situation would invite further reduction. It seems as though we can allow this to stand for the present at least pending further investigation and reports.

EXHIBIT P364.

Telegram. March 16, 1928. Cashmore to Cox.

Retel we are standing pat for the present on circle and liner discounts. Should we equalize Story will go still further. Report developments.

EXHIBIT K128

Letter. March 16, 1928. Wylie to Kindleberger.

I notice your letter of March 9th, on the matter of parchment prices, and the competition we can expect from Storey. They have flooded this coast with samples, but so far I can't find where they have committed themselves on price. Unless they improve the sheet that I have seen, I don't think they will prove very serious competition over a period, as it has very little strength wet, and a decided taste and odor. Dry it looks good. The big bugbear out here is these confounded printers, who have simply demoralized the prices for butter wraps. In Los Angeles last week, I find the creamers there buying butter wraps for 63 cents delivered there in whatever quantity they want, and our million price for the same thing is 69 cents. However, they can't keep this up forever, but they've been at it for some time now. I assure you we will do everything possible here to combat this new Story competition, which to date, has not made itself felt. I will keep you advised as to their activities out here.

EXHIBIT P366

House Letter. March 16, 1928. Jones to Cox.

I called on Max Radloff, Hustisford, today. He is a cheese jobber and has bought thru Damrow Bros, also Kusel & Co in the past. He is in the market for a ton of size 12 x 24–40 lb. parchment, printed, and he said he had a letter from Story quoting 14¢, plus the printing, delivered. I told him I would make him the same price. He said he had not decided what name to use on his wrapper, but I should call him up end of next week. If he is ready to place order I will drive there next Saturday. I am writing you this to show you that Story is getting around pretty lively with mail matter.

EXHIBIT P365

House Letter. March 16, 1928. Cashmore to Cox.

Acknowledging your telegram of this morning, I wired you in reply per confirmation attached and also refer you to my letter of March 15th.

I trust you will sound out the packers thoroughly on their stand for I still have a feeling that we will get our usual business even though Story are somewhat below us and also, at the present time, am somewhat reluctant to meet the situation knowing full well that Story would still go further and leave us just as we are.

EXHIBIT P367

House Letter. March 16, 1928. Cashmore to Cox.

I have yours of the 14th instant enclosing order from Mr. Jones for Damrow Brothers of Fond Du Lac, Wisconsin for shipment to Winnebago Cheese Company and note the fine way in which he has arranged to handle the situation without compromising ourselves.

He is to be congratulated.

EXHIBIT W-65

Letter. March 16, 1928. Moyer to Moody.

Since we cannot meet Mr. Allen's idea of price for Jelke's 25 lb. we are returning the order as you advised us to in your letter of the 15th, and I want to say that this is just like pulling teeth, it hurts to get a nice order like this and then have to return it, but when you consider the fact that the price these people are demanding is better than the price we are giving the Big Four or anyone else, I believe you will understand why we should not accept this business. Aside from this fact Mr. Allen should take into consideration that whoever made this lower price probably did so some years ago when there was a fair margin of profit on Parchment paper. Now that we have dropped our prices to practically cost he should be fair enough to realize that we cannot keep this extra ½¢ less than the others up under these conditions. So far as any understanding between any other mill and ourselves there is nothing to it. Of course this customer is entitled to believe as he pleases but I would like to bet dollars to doughnuts if Kalamazoo has not allowed this extra ½¢ it is for the same reason that we have, they can't make any money on it; it would be below their cost. You must remember that these people are the most particular and critical customers we have. It is necessary to sort their paper closer, to pack it a little different, to run it a little lighter weight than we have to for

anyone else, so all in all the business at the price suggested is not attractive. The buyers might as well get it thru their heads now as later on, we have struck bottom and to go any lower means making paper at a positive loss. Under the circumstances we prefer that he give this order to Storey. Both Story and the buyer probably have something to learn. This is just a guess on my part and in conclusion I want to add there will be no need of returning this order unless it is at our regular price.

EXHIBIT K129

Telegram. March 17, 1928. Oberley to Southon.

No truth in rumor Land O Lakes will mail carload order next week writing.

EXHIBIT K130

Letter. March 17, 1928. Oberley to Southon.

Acknowledging yours of the 15th regarding the rumor that the Land O'Lakes folks had placed a carload order with our competitors. I have been watching this very carefully. Three or four days ago Mr. Goldman was in the city and was over there trying hard to get them to switch. I have orders in my possession and will secure enough orders either today or Monday to make up a carload, and in order to ease your mind wired you as follows:

> "No truth in rumor Land O'Lakes will mail carload-order next week writing."

The only parchment that Land O'Lakes ordered from Story was a small lot which they printed up. They have not given them a dollar's worth since. I can easily tell if they ever get any other grades of parchment in, for every time I go over to their plant I am permitted to go through their stock room and check up to see if they are running short on anything. You may rest assured that I am watching this account very carefully and giving them all the attention I possibly can, as this is too good an account to lose.

EXHIBIT K131

Letter. March 17, 1928. Oberley to Southon.

With further reference to Hormel purchasing a car of paper from the Story Manufacturing. This car was placed through the

Institute and we are advised that Mr. Hormel is the chairman of the purchasing committee and I suppose had to set an example. We believe that Mr. Hormel's eyes were opened when he found out thru us that these folks did not manufacture their own paper. He is going to check the matter up. We are going to get some business from Hormel and hope that things will swing our way on carload business.
Mr. Hormel did not say himself he gave Story an order but his assistant tipped us off.

EXHIBIT P359
House Letter. March 17, 1928. Gubbins to Cashmore.
This will acknowledge your letter of March 15th referring to my telegram of Story developing Pearl Parchment 24 x 36–35 lb. to sell at 11-¾¢ per lb. So far as I know at the present time none of this paper has as yet appeared on the market, altho they are working on it now.

EXHIBIT P368
House Letter. March 17, 1928. Cox to Cashmore.
Please note attached letter of March 16th from Mr. Jones. It seems to me cases like this will have to be considered from the standpoing of whether we want to protect our distributors. If Radloff buying from Damrow and Kusel in the past are quoted wholesale by us to meet Story's competition, the two jobbers may be expected to ask us to give them perhaps 5% inside.
Will you please let me know your feeling in the matter.

EXHIBIT P371
Letter. March 17, 1928. Cox to Cashmore.
Acknowledging your letter of March 15th and your telegram of the 16th Immediately upon receipt of the latter, I telephoned Mr. Gramer that we were standing on our price of 52½ and 2½. He asked me if the Mill realized the difference between that discount and Story's 57½% was a matter of about 9%. and I said we had that all figured out and my personal belief was that Mr. Koch in naming the 57½% price probably was not very good at figures and estimated that 52½ and 5 was another way of saying 57½%. Gramer paused and thought it all over, and finally said "all right, Much obliged."
As I mentioned in my telegram he was holding up a number of orders containing liner and circle items, and so this morning I

was on the lookout to see if any orders he might send me would include these orders he was holding up. Our morning's mail contained Swift orders, perhaps a half dozen of them, but none contained liner and circle items. This makes it look to me as tho Gramer has decided to buy from Story because of this considerable difference in our prices.

I have been expecting right along both Swift and Armour would give Story some business for that would be in line with the policy of these packers to keep competition alive. The trouble is that liner and circle items almost invariably appear on orders with butter wrapper items so if Gramer has now given Story the orders he was holding I should say they included butter wrappers as well as liners and circles.

For the moment I do not feel inclined to ask Gramer point blank what he has done with those orders he is holding, I consider it would be wiser to wait until I have my next regular visit with him when he probably will volunteer the information. I will immediately advise you of any interesting developments.

EXHIBIT P372

House Letter. March 17, 1928. Cox to Cashmore.

With reference to attached the prices listed are you will note extreme quantity prices, retail basis.

Of course we will have to qualify Meyer Blanke to meet this situation as Mr. Meyer already knows from me that such will be our policy in handling competition he will have from Story.

I dont know just what Highland Dairy Farms Company requirements are of the items listed but on such an item as 11 x 11-50 lb. my guess would be they would not begin to use in the course of the year anything like one million.

I suggest about all we can do is to tell Meyer Blanke to meet these prices on small deliveries out of stock, we to give them 5% inside when they report any such deliveries. At that, considering that it costs a distributor a certain percentage to do business from stock and that percentage is unquestionably well above 5% such transactions hardly would be satisfactory to Meyer Blanke Company. Will you please let me have your views.

EXHIBIT W-66

Letter. March 17, 1928. Moody to Moyer.

I enclose an order from Jelke for 500 lb. 25 lb. Bases Parchment Plain Oleo Wrappers Please rush this order all possible The

old price or rather present price of 17¼¢ lb. to the price at which invoiced—plus of course cost of machine trim etc.
I went out to Jelke's and returned the bait order—I think we made an error in not meeting his views but time will demonstrate that—probably result in Storey getting some more Jelke biz.

DFT'S EXHIBIT K136
Letter. March 19, 1928. Drummond to Southon.
Mr. Misner of the above concern says a butcher in Grinnell, Iowa bought 500 lbs of Story Parchment at 14½ cents a pound, for his Meat Market. This makes the Jobber mighty sore and I am rather glad they did, Pratt was hollering about it.

DFT'S EXHIBIT K132
Letter. March 19, 1928. Southon to Oberley.
We are very much interested in your letter of March 17th in which you tell us that Mr. Hormel is chairman of the purchasing committee of the Institute.
This evidently had something to do with their placing a car of Parchment with the Story people thru the Institute.
I would suggest that you keep in pretty close touch with these people and I think if we play our cards right, we should have no difficulty in getting this business back.
I do not know how things are working out with the story people, but reports that are coming to us every day are not any too favorable for them. Their method of doing business apparently is having a reaction that is not helping them in any way.

EXHIBIT K133
Letter. March 19, 1928. Johnson to Southon.
Referring to your letter of March 14th regarding plate charges on small orders for printed wrappers. Have had some correspondence with Mr. Christy regarding this but notice that he has turned same over to you, I fully appreciate what you have to say regarding this matter and, also, have tried to govern my self according to what Mr. Christy has told me in his letters.
You possibly know that our competitor started this meat wrapper campaign several months ago and, of course, has picked up a number of customers here and there and the business I have been receiving is reprints. After I came back from the factory, and even before, I was after the Mutual Paper Corporation to give me some of this business and they, of course, were

willing if it did not involve any extra expense to either themselves or their customers inasmuch as Paterson had been making all the plates and everything free and the result is that they have turned some over to us and we are not in a position to take care of the small orders.

I was in Seattle last week and attended their Friday sales meeting and discussed at length our position regarding some of these matters and tried to put the idea over to them that we should receive an order for at least 20M, or more, which would, naturally, help their volume as well as help us take care of the cost of the plate. Of course, right away the question was shot back at me why Kalamazoo felt they were any better than our competitor and if they absorb the cost of the plates on small orders why should they make any special effort to get business for us. The only reason our competitor does it is to get them started and they keep getting repeat orders all the time and they, naturally, offset the first cost.

I have always tried to sell our customers on the idea of two sources of supply as well as on the quality of our sheet but most of the accounts are hard to get started anyway and if it involves additional cost to them they are disinterested.

I do not know just how to go about this plate business as Mutual gave me distinctly to understand that they were through squabbling with us about this plate business and they would simply give this business to our competitor. You can well appreciate, for example, that we are getting all their business and in today's mail I am enclosing a nice big order for stock as well as some printed orders I sold this trip for future and they feel that we are not willing to take the bitter with the sweet and to co-operate with them especially when it is a matter of competition. I have tried to reason the matter out with them and told them we were more than willing to meet them half way but we could not do so at a loss and if the factory told me they were losing money on these small orders that they meant it and with the cost of doing business out here we could not take it at loss.

I told them I would let them know definitely what our position would be in this matter and if we could not assume the cost of the plates on these small orders they would have to send them to our competitor as I absolutely could not go against the factory's wishes.

I want you to appreciate that I am not asking you to do anything for me more than you do for the rest of the salesmen but

am, naturally, looking for an equal break against our competitor, but when it is put to me so strongly as it was on this trip to Seattle I am certainly in a quandary as to how the matter is going to work out. It naturally appears to the paper jobber that we are after his big business but are not interested in his occasional small orders. I realize that this is not the factory's attitude at all and neither is it mine but it is hard to make them see it. It certainly is a mystery to me, however, how our competitor can do it and we cannot. They must have only one thought in mind and that is repeat business.

I do not believe, however, that there will be much of this business but would appreciate after you have gone into the matter again if you would give me something definite to go by and I shall pass it on to the paper jobber and tell him how the matter stands one way or the other. If I have to tell them that we cannot accept 10M wrapper orders I shall do so and tell them that the orders must be for 20M, or more, before we can take them.

EXHIBIT K135

Letter. March 20, 1928. Southon to Greenlee.

Thanks for the samples of Pearl Parchment which accompanied your letter of the 13th.

These are in the laboratory now and just as soon as Dr. Des Autels completes his analyses, I will see that you receive a copy of his report.

EXHIBIT K134

Letter. March 20, 1928. Greenlee to Southon.

Was glad indeed to receive your letter of the 19th, and to learn that our new competitor did not receive a carload order from these people.

I am fairly satisfied that the Story Parchment Co. are giving the big packers and the Institute this 2-½% trade discount, but are not giving the "big four" an additional one-quarter cent per pound.

I spent an hour with one of the packers this morning, as he was arguing that Story's 2-½% was a much better one than our ¼¢ per lb, on the 25 lb. basis stock, of which this particular packer uses considerable.

Now, this packer tried to lead me to believe that they get both the 2-½% trade discount and the ¼¢ per lb. special allowance, but from his arguments this morning, would lead me to believe that they only get the 2-½%.

I do not know what business the Story Parchment Co. are getting here, but I do know that they are getting some business at the stock yards, but do not believe they have hurt us very much so far.

EXHIBIT P369

House Letter. March 20, 1928. Paterson to Cox.

I have yours of the 17th and note the question you bring up with reference to Story and the Cheese Jobbers who now are forced to turn over their goods on the wholesale basis without apparent profit to them.

Like every other malignant growth, the spread of 5% is eating its way in more than I like to see and in places where it is justified, I am only too ready to agree but it occurs to me that a great many of these cheese people have been sold direct and should be considered as direct accounts with corresponding explanation to such people as Kusel and Damrow that there are certain accounts that have always been sold direct and must of necessity be mill business on which they cannot participate. Where these accounts have been developed and handled by such people all well and good for the 5% but don't let us turn this business over to jobbers where they have no right to it as I feel Mr. Jones can get a great deal of this direct.

EXHIBIT P373

House Letter. March 20th, 1928. Paterson to Cox.

I have yours of the 17th in re inquiry from Meyer Blanke Company for the Highland Dairy Farms Company and note that Story have offered the Highland Dairy Farms Company the quantity resale price on the items mentioned guaranteeing against price advance or decline for the entire year of 1928.

So far as taking the business at the quantity price is concerned we can meet their quotation but as for guaranteeing the price against its advance during 1928, I am very reluctant to agree. Such a guarantee takes the form of a contract and opens ourselves to criticism from others who have sought the same arrangements without success.

It is not likely that the price will go up in a hurry and as we can guarantee against decline, I feel that we should not go on record as guaranteeing against advances but to take the business at the price prevailing at time of shipment. However, there is little likelihood that there will be any cause for trouble from that source and then, of course, this being at the quantity price, we will do the right thing by Meyer Blanke but you realize this is on the retail basis and that will give them an approximate 2¢ margin which should suffice, in my opinion, rather than go further with an extra 5%. I am returning Meyer Blanke's letter for your files.

EXHIBIT P360

House Letter. March 20th, 1928. Cashmore to Gubbins.

This will acknowledge yours of the 14th confirming telegram with reference to new sheet Story are said to be developing for sale at 11-¾¢.

I have also heard this report from other sources but there is nothing we can do except to see some samples which we hope to get at an early date after they place it on the market.

I note you have the Story wholesale price lists which I would be glad to see if you care to send it on.

EXHIBIT No. W-67

Letter. March 20, 1928. Chattanooga Paper & Woodenware Co. to West Carrollton.

We have your letter of the 13th, but if you will again refer to our letter of the 12th, you will find that we inquired on or about what date this pool car would be shipped.

Please let us have this information by return mail, and if it will not be shipped for a week or ten days we will favor the Story Manufacturing Company with an order for a local shipment as they allow full freight on small quantities, whereas, you only allow full freight in pool cars.

The quantity coming out in this pool car will not last us very long and we would like to know if you are going to meet Story's freight allowance on future local shipments?

EXHIBIT K138

Letter. March 21, 1928. Southon to Greenlee.

We are in receipt of your letter of March 20th and if it is true that Story is only giving the big packers 2½% trade discount

and not the ¼¢ per pound, then it would look as if they are strengthening a little.

I do not know just how much business they are doing altho we have received a number of reports but none of them are very reliable. We do know, of course, that they are bound to get some business, but the very fact that they are out in the country selling to Meat Markets at wholesale prices, would indicate that they are not getting very much of the larger business.

Only this morning we received a letter telling us of a case where they had sold a butcher who operates a small Meat Market 200 or 300 lbs. of Parchment at 14-½¢ per pound, with the result that the jobbers in that part of the country were exceedingly sore and make no secret of their feelings for this new crowd.

I am inclined to believe that we have the thing pretty well in hand and that we will not be bothered to any great extent by them in the future.

EXHIBIT K137

Letter. March 21, 1928. Southon to Drummond.

I was interested in reading your letter of the 19th about the Story Parchment Co., selling the Butchers in Grinnell, Iowa at wholesale prices.

If they keep this up, there is not a jobber in the country who will buy any paper from them and since they are doing this, it would look as if they are having difficulty in getting any of the larger accounts, otherwise, they would not jeopardize their future in this way.

I do not think we are going to be troubled very much by their competition in the future because the trade is apparently becoming disgusted with their method of doing business.

EXHIBIT P374

House Letter. March 21, 1928. Cox to Cashmore.

Here is another letter from Mr. Carl Meyer telling about some trouble Story are causing him in connection with the St. Louis Dairy Company. As you may recall we had been losing business from this customer due to WCP and KVP's distributors selling at the million retail price in 100M quantities. We told Mr. Meyer to meet the situation and we would credit him to equal his regular margin.

Story you will notice is giving the recent wholesale reduction to this creamery so that the question is how will we take care of Meyer Blanke. Will you please advise me as soon as possible so that I may get word to Mr. Meyer.

EXHIBIT W-153

Letter. March 22, 1928. Simonton to Dear Miles (Moyer).

I tried all day to get a chance to write you yesterday but there was about a dozen people here to see me and the balance of the time I spent in the mill.

I want to thank you for the many favors extended us during this last visit there and it goes without saying that they are fully appreciated.

Confirming our conversation regarding prices, the same as listed to me are entirely satisfactory and we are pleased to quote you the prices as indicated until further notice. Under separate cover we will mail you today or not later than tomorrow the credit memorandums which are due you on all shipments since the 13th instant, and if you will be good enough to ask George to deduct the amount of these credit memorandums from his next remittance, we will appreciate that also and trust this will meet with your approval.

We are trying to get in such a position now that we will not have to continually write you for money and I believe that we have about reached that point, where we can extend our requests from two to three weeks instead of every week as we have been doing heretofore, and I also expect to even extend these requests to the full limit within the next thirty days, which I hope will be agreeable. I am sorry to say, however, that after cleaning up several of our past due accounts and taking in two extra cars of sulphite yesterday we will be a little short with our regular bills and payrolls, both due next week and, therefore, I am making just one more request for money. If you will be good enough to ask George to send us a check next Monday for one car, I believe we can get along very nicely from there on.

Trusting the above meets with your approval and again thanking you we remain

P. S. I hope your cold is much better. We drove the little Dodge home in five hours and seven minutes.

EXHIBIT P375

House Letter. March 22, 1928. Gubbins to Cashmore.

In accordance with your letter of March 20th, I am attaching Story's Wholesqle Price list picked up in Minneapolis. One bit of information which might be worth while incorporating in our pricelist of some future date is that which I have checked on page 11 giving the standard sizes of Poultry Box Liners. We believe this information could very well be worked into our own pricelist.

You might be interested also in taking a look at their Stock Printed Butter and Ice Cream Wrappers. Also the item on printing under Trade Information on Page 2.

EXHIBIT P376

Letter. March 23, 1928. Cashmore to Cox.

I have yours of the 1st in re matter of Meyer Blanke Company and the situation they have met with the St. Louis Dairy.

We are, at all times, ready to protect our distributors against WCP's or KVP's jobbers' competition. I well know that some of their jobbers are selling some of these concerns at the quantity prices and giving them split shipments as wanted which we are authorizing our distributors to meet and, under ordinary circumstances, are agreeing to reimburse them for their regular margin of profit.

However, now that the margin between the wholesale and resale is larger than formerly, I feel that our distributors generally should absorb some of these conditions and not expect us to continue to equalize on the margin they would receive with the new spread rather using the extra cent margin they now have to equalize some of these differences.

I have in mind also the sliding scale which we are giving them to help them out on the old margin of profit which was based on the old spread.

I notice, however, that Story are giving wholesale reductions to this Creamery so I would rather not do it but prefer to have Mr. Meyer use his own judgment on meeting situations where he is compelled to meet the Story wholesale and he can look for the usual protection from us which is 5%.

I am having in mind that Story will always be below us and allowing for this do not wish to go on record as generally approv-

ing meeting the situation in every instance for we are bound to lose some business but let's lose it where it costs Story the most to get it.
I trust this answers your letter in full and you may act accordingly.

EXHIBIT W-68
Letter. March 23, 1928. Orchard Paper Co. to Moyer.
The writer was down to see one of the Oleomargine people this morning, and he asked me what our price was on 8 x 11–30 lb. Parchment. I quoted him 95¢, this being the price we understand is now in effect. He showed me an invoice he just received from Paterson for 200,000 sheets at 91¢.
Please advise.

EXHIBIT K191.
Letter. March 24, 1928. Kindleberger to Dear Miles (Moyer).
I thank you for the information and drawing of the new Parchment Machine. This is very interesting indeed.
This outline is about the same as the outline which this man, who is now their Superintendent and who used to work for us, once made for us. It is similar to the machines they have in Germany.
I presume that you have a copy of this. It not, let us know if you want it back and we will return it to you.

EXHIBIT K191B
Parchment Machine 110″ wide.
Very heavy unwinding shaft.
Paper put in acid bath and out thru two — 16″ diameter squeeze rolls rubber covered, Press type, then into sour water vat and out thru a set of squeeze rolls as before — then over fifteen washer rolls 12″ diameter rubber covered with riding rolls 8″ diameter, also rubber covered.
The rolls in bottom of washer are 8″ copper.
Showers 1-½″ brass pipe gauge on here shows they have 80 pounds water pressure — 4 showers to a roll.
When paper leaves showers it goes thru a set of 16″ rubber squeeze rolls into a dope tank then out thru another set of rubber squeeze rolls, also 16″ diameter to first set of dryers — 48″ diameter 6 top and 5 bottom with two — 30″ felt dryers both top and bottom — then thru a second doper that has two

14″ chilled squeeze rolls. "So far this doper has never been used." — Then to a second set of dryers 48″ diameter 3 top and 3 bottom then over two 24″ copper covered cooling drums to a three roll stack of calenders then to a B and C Winder, then to a B and C Wind Stand and slit or unwound on a Cameron Drum Winder.
Washer and tanks are 75 feet over all.
Dryers and Winders are 100 feet over all.
Total length of machine 175 feet.
Have had machine up to 330 feet per minute.
Now running 225 feet per minute.

EXHIBIT P370
House Letter. March 24, 1928. Cox to Cashmore.
Acknowledging your letter of March 20th in reply to mine of the 17th:
I have just been talking with Mr. Jones in this connection and he understands exactly how you feel, and he agreed with me that there will be very little occasion for us to give an inside 5% on business from cheese jobbers.
As you point out for the most part we have sold these people direct and of course we will continue to do so. There is no question at issue now with any of our distributors like Kusel and Damrow, so we may just consider that there is no problem in this connection at present.

EXHIBIT W-70
Letter. March 24, 1927. Irwin to West.
Please frt March 30 to via electric line Gray Von Allmen 423 W. Oak Louisville Ky 14¢ lb. 8M 14–42–40 plain parchment Please pack in wood case Also via electric to Gray Von Allmen Louisville Ky 100M 8–30 11–30 printed Blue 1 lb. net Ship this April 2–3 or 4 (sample enclosed).
Story Parchment Co Trenton Mich sent Gray Von a their wholesale price list (which is same price as yours) and want their business at wholesale prices What shall I do

EXHIBIT W-112
Letter. March 26, 1928. West Carrollton to Gentlemen.
Enclosed you will find copy of our new wholesale Parchment price list containing reduced prices announced in our letter of March 9th.

West Carrollton Genuine Vegetable Parchment is not a new and unproved product. For more than thirty two years it has been serving the Parchment users of this country. It is a product of sound merit that has stood the test of time. You take no chance when you buy WEST CARROLLTON Genuine Vegetable Parchment. You are following the judgment of the most exacting buyers who have used it over a long period of years. We are eager to serve you and will appreciate your orders.

EXHIBIT W-71

Letter. March 26, 1928. West Carrollton to Irwin & Co.

We have your letter of March 24th ordering 8,000 — 14 x 42 — 40 lb. Parchment, also 100,000 — 8 x 11 30 lb. printed one color blue "One Pound Net" per sample enclosed, but you did not enclose the sample. Please forward this promptly.

In regard to the Story Parchment quotation, our Mr. Christman will be in Louisville one day next week and would like to see you and talk this matter over. We will appreciate it therefore, if you will advise us by return mail where he can see you and at what time next week. In the meantime we trust that you can hold this business. We have taken care of Gray Von Allmen's business satisfactorily for years. We have given them good service, the kind of service they are entitled to, and they know that our's is a quality product in every way. The product of the Story Parchment Company is an unknown quantity; it's merit has yet to be proved. Gray Von Allmen have no way of knowing whether these people can give them the quality of paper and printing they require nor the kind of service they must have, and we trust they will take all of these points into consideration before deciding to make a change. After Mr. Christman has talked to you regarding the situation we will then be able to decide definitely what course to pursue.

EXHIBIT K231

Telegram. March 27, 1928. Dohan to Southon.

Wire today sure whether next Saturday noon Morrison Hotel Chicago will suit you if satisfactory to Dayton if so will wire confirmation on hearing from both of you

EXHIBIT P377

House Letter. March 27, 1928. Cashmore to Gubbins.

I am in receipt of your letter of March 22nd with which you enclosed Story's wholesale price list and for which I thank you.

I have noted your letter in reference to incorporating the various standard sizes of poultry box liners on our own price list as compared to theirs on page 11. If you will consult our wholesale price list on page 16 and our resale price list on page 14, you will find these very same items listed. I think you will find also that they have been there for quite sometime.

Their price list is an exact copy of ours so far as I can see and in reference to your notation of stock printed butter and ice cream wrappers, they use the same prices. I also note their reference to printing under Trade Information on Page 2.
Thank you for forwarding this to me.

EXHIBIT K232
Telegram. March 28, 1928. Dohan to Southon.
Meeting arranged for Saturday noon Chicago

EXHIBIT K233
Telegram. March 28, 1928. Southon to Dohan.
Saturday noon Morrison Hotel Chicago satisfactory to us

EXHIBIT W-138
Telegram. March 28, 1928. Dohan to Moyer.
Meeting arranged for Saturday noon Chicago

EXHIBIT W-137
Telegram. March 28, 1928. Moyer to Dohan.
Can meet you Saturday noon Morrison Chicago but should know today if meeting is to be held

EXHIBIT W-69
Letter. March 28, 1928. West Carrollton to Orchard Paper Co.
We have your letter of March 23rd and note that one of your Oleomargarine customers has been quoted a price of 91¢ for 200,000 — 8 x 11 — 25 lb. Parchment plain. We are wondering whether this is Blanton or East Side PackingCompany. If you could give us the name of this customer we will appreciate it.

EXHIBIT W-72
Letter. March 30, 1928. Michelstetter to West Carrollton.
I have your letters of March. 28th. and 29th. and new Wholesale price list.—

Note you will allow Luick freight to Milwaukee, and have so informed them.—

I have never called on Cudahy Bros. Packing Co. Cudahy Wis. as I was requested not to do so by Mr. Sterrett, but called there to-day in response to your letter of March. 28th. requesting me to do so.—

Mr. E. P. Dunn informed me, that they were not in the market for Parchment, and were using Grease proof paper largely.—

I was also informed by Mr. Dunn, that the New Veg. Parchment Mill at Detroit, were after the Packers, and underselling the other Parchment Mills.—What do you know about the Detroit outfit?—

EXHIBIT K139

Letter. March 31, 1928. Drummond to Christy.

Mr. Goldman from our competitor has even tried to hire Needham away from us, can you beat it. Please send the following Creamery customers each a package of H. H. rolls.

John Walker Gen Manager David Cole Cry. Co. Omaha Nebr. H. H. rolls

Geo. W. Street President David Cole Creamery Co. H. H. rolls. Omaha, Nebr.

Mrs. M. C. Williams Purchasing David Cole Creamery Co. H. H. rolls Omaha, Nebr.

A. C. Peters Purchaseing Harding Cry. 5712 Rees St. H. H. rolls. Omaha, Nebr.

H. P. Anthong. H. H. rolls 2223 Wonderson. Supt Omaha Omaha, Nebr. Cold storage.

The reason I am doing this several have requested it, and under the circumstances it will be a good thing to do. Needham says he is going to stick with us.

DFT'S EXHIBIT K140

Letter. March 31, 1928. Drummond to Southon.

Our competitors have even tried to hire Needham away from us, but everything is sitting fine so far. I am going to watch it close.

EXHIBIT P52

Letter. March 31, 1928. Swift & Co. to Paterson.

Please ship promptly the following:

10000 ½ lbs. 7" x 9" plain wrappers.

Price 15¼¢ lb. plus 35¢ M printing, 2% ten days.

EXHIBIT P423

Bill. April 2, 1928. Dohan to Paterson.

To services re Imports $750.00

Received payment,

EXHIBIT K250a

Bill. April 2, 1928. Dohan to Kalamazoo.

To services re Imports $750.00

Received payment,

DFT'S EXHIBIT K147

Letter. April 2, 1928. Lanigan to Christy.

Have no doubt but their claim of lower quotations is correct. "Story" is quoting you know!

This order in question thou we have. It was the "Sefton Can Co." order for 4,000 lbs. they were after. We got it so we dont need to worry over the lower prices.

Hear so darn many different prices quoted "Christy" that nothing bothers me regarding price anymore, our price is 14½¢ thats all I know.

"Blanton Co" told me today thou that "Patterson" met "Storys" price of 91¢ on 8 x 11 — sheets, and passes us up.

So far everybody has held in line (customers I mean) and am doing my darndest to keep them so.

EXHIBIT K141

Letter. April 3, 1928. Greenlee to Southon.

On February 28th you shipped four items of printed Parchment Butter wrappers, completing Factory Order P-15596, originally calling for an aggregate of one million Printed Butter wrappers.

The Bowman Dairy Co. are about to place another order, but think we should do at least something a little special for them.

As we already stated, when our new competitor first approached them, they were quoted the million sheet printing price, or 18¢ per M, on all four items.

The Bowman Dairy Co. can purchase Story Parchment on the wholesale basis less 2-½% Trade Discount with the million sheet printing price applying.

We are not asked to meet this reduced price in the paper itself, but Mr. Bremner, the Buyer, thinks we should give them the million sheet printing price on these four — 250-M sheet items.

Have we your permission to do this?

Awaiting your reply.

EXHIBIT P52A

House Letter. April 4, 1928. Cox to Paterson.

Attached order calling for 10M 7 x 9 "Plain" wrappers carries a printing charge of 35¢ per M which is the 50M printing price. The explanation on this is that Mr. Gramer is writing us today to carry 50M of these wrappers so you may take this as authority to proceed with the printing on the 50M basis.

Please get this order off in next week's Chicago car.

EXHIBIT W-73

Letter. April 4, 1928. West Carrollton to Michelstetter.

Your letter of March 28th in reference to Cudahy Brothers Company, Cudahy, Wisconsin, is received and we believe you misunderstood our letter of March 28th. Our Chicago representative who sells the Cudahy Packing Company at Chicago, which is an entirely different concern from the Cudahy Brothers Company, was informed that the Cudahy Packing Company of Chicago, had had some Parchment Easter wrappers printed in Milwaukee by the Schmidt Lithographing Company. The idea occurred to us that if the Schmidt Lithographing Company are printing Parchment for some of the Chicago packers they must be buying it somewhere and it might be a good idea for you to call on them.

Mr. Dunn probably referred to the Story Parchment Company at Trenton, Michigan, which is about thirty miles from Detroit. This concern is just getting into production and it is problematical how much figure they will cut in the industry. Being new in the game they are bound to make a good many mistakes and have considerable grief right at the start so that your customers will show good judgment in being cautious in their dealings with this concern. It would seem to be good business practice for your customers to continue favoring you with their Parchment business because they know that they will receive first-class quality and satisfactory service. You know a quality product is always the cheapest in the longrun.

EXHIBIT K146

Letter. April 5, 1928. Spangler to Southon.

Attached is what is given me as a sample of Storey's Parchment. Mr Rice of Peoria Creamery Co Peoria Ill. showed me Storey's price list of 9¢ per M less than we are on 200M 8 x 11 — 30 lbs. Butter wrappers. He asked me what our folks are planning to do toward meeting Storey's prices—

I told him I wouldnt promise him a thing only that I felt if he stuck to us he would find he would have something to show for it at the end of the year.

EXHIBIT K145

Letter. April 5, 1928. Southon to Greenlee.

In response to your letter of April 3rd, relative to the Bowman Dairy Company, and their specifications for printed butter wrappers, as you know if we adhere to our price list we should charge them a printing price on the basis of 200M sheets, as there are four distinct wrappers to be printed.

However, we have in the past made a small concession to them by allowing them the 200,000 sheet price and making split shipments. On the inquiry which you now have, I would suggest that you quote them the million sheet printing price on condition that we are allowed to make shipment of the entire amount at one time.

If they cannot agree to this arrangement, then you had better quote them on the same basis that you have heretofore.

DFT'S EXHIBIT K148

Letter. April 5, 1928. Drummond to Southon.

In reply to your letter of April third, I just want to tell you that the Story Parchment Co. offered Needham 5% commission if he would handle their Parchment.

I notice Mr Stein of the Kansas City Paper House is trying mighty hard to sell Story Parchment, but is not getting very far.

He ought to ask Mr. Kindleberger for a few more favors. A fine fellow he is, you know how I feel about it.

EXHIBIT K142

Letter. April 5, 1928. Oberley to Southon.

Thought possibly you might be interested in seeing a sample of the Greeting Parchment that the Story people are manufacturing. The John Leslie Paper Company are their agents here in the city now and they have furnished the Buzza people with a 400 lb. shipment with a billing price of 22¢ per pound.

Please do not construe this letter as trying to reduce your price, but is merely to show you that they are active in trying to make a sheet of Greeting Parchment.

EXHIBIT P378.

House Letter. April 5, 1928. Smith to Mayer.

While interviewing Mr. Champlin of the above firm to-day learned that one of our competitors had quoted him a price based on our wholesale list less 5% or 7½%. The exact discount I was unable to learn altho Mr. Champlin advised me that this firm was in a position to give them the service they demanded and a quality paper.

By the way, Mr. Champlin, gives our new competitor entire credit for bringing down the parchment paper price etc.

This discount, as stated above was based on their entire requirements. This is for your information.

P. S. I know that we could secure all of this business if we meet this competitive price.

EXHIBIT P379

House Letter. April 6, 1928. Gray to Cashmore.

I am attaching a sample of Storey Art Parchment which is being offered to paper merchants on the Pacific Coast at 25¢ per lb. in ream lots or over with freight allowed to St. Louis or Chicago. From the information I can gather, they are making this in 70 lb., 80 lb., 90 lb. and 100 lb. weights — all weights being quoted at this same price.

DFT'S EXHIBIT K149

Letter. April 7, 1928. Southon to Drummond.

Thanks for the information which you have given us in your letter of the 5th relative to the offer made to Mr. Needham by the Story Parchment Co.

For your information, we have just raised Mr. Needham's commission on parchment to 4% and I hope that this will keep him satisfied. I am not surprised at what you tell us about the Kansas City Paper House because I am sure that they are not in any better position than a number of other folks to handle the Story Parchment and the reports that we receive would indicate that Story are finding it difficult to dispose of their parchment, despite the fact that they are continually quoting lower prices than any other manufacturer.

EXHIBIT K150

Letter. April 7, 1928. Needham to Southon.

Replying to yours of Apr 15th relative to prices on 6⅜ printed, scattered designs rolls for Kirschbraun received. They have

had a price quoted from Story & Co 16½ lb. now I believe I can land this order for 400 rolls around 10,000 lbs., but I will have to have a very low price. If it is slightly more than Story's price I think I can get by, but I know this price 16½ is genuine.

Do you know Fairmont is encouraging Story, and buying some parchment from them. I understand Carlson "Fairmonts buyer" is talking Story at meetings held by the buyers of the Creameries, these meeting are held quite often in Omaha. Carlson has tested Storys parchment and tells the other buyers the parchment is of a better quality than others and etc., so far Storys have sold none to any of our customers although they have made great efforts

DFT'S EXHIBIT K158

Letter. April 7, 1928. Roberts to Southon.

I was forced to turn down some Parchment tonnage for shipment at once to Nashville, because the customers wanted full freight allowance if I had to ship via local freight.

All the other Parchment Mills are quoting delivered prices to all points in my territory, true, I get a few orders but noy as many as I should.

I am writing this just to let you know what the other fellow is quoting, thought you would be interested in knowing.

EXHIBIT K151

Letter. April 7, 1928. Southon to Spangler.

We have your letter of April 5th enclosing sample of Story Parchment handed to you by the Peoria Creamery.

I have no doubt but what the Peoria Creamery have received a better price from Story than we are offering. This is nothing new. It seems to be the Story Parchment Co's idea that the only way in which they can secure business is to make a quotation lower than any of their competitors and they seem to have no definite prices, so the buyer can pretty much set his own price. It is not our intention to meet these quotations made by the Story Parchment Co. Our prices have been reduced to a point where the margin of profit is exceedingly small and we are going to have to exercize a lot of care and efficiency in our manufacturing and sales departments if we keep the parchment division on a profitable basis, so you will see, we are quite justified in refusing to meet every quotation that Story may make.

EXHIBIT K152.

Letter. April 9, 1928. Southon to Needham Brokerage.

I appreciate immensely your letter of April 7th relative to the parchment situation in Omaha at the present time.

It is no more than we expected. Our new competitor has been cutting prices everywhere. In fact, it seems that this is the only way in which they can sell their parchment.

Now we do not want to lose Kirschbraun's business but at the same time, we cannot afford to sell them below cost and this is exactly what we would be doing if we were to quote below our present list price, so I am going to ask you to stick to these, which are as follows:

30 lb. Parchment, printed one color in rolls:

5,000 lbs.	18-¾¢ per lb.
10,000 lbs.	18-½¢ per lb.
20,000 lbs.	18-¼¢ per lb.
40,000 lbs.	17-¾¢ per lb.

terms 2% ten days, 30 days net, fob Omaha in pool cars.

Now these prices are right, and I know that Kirschbraun would not wish us to quote them prices that were below our actual cost. We have a lot of confidence in you and feel sure that you will be able to retain this business, despite the efforts of cut price competitors.

DFT'S EXHIBIT K159

Letter. April 9, 1928. Southon to Oberley.

We have your letter of the 5th enclosing a sample of the Greeting Parchment which the Story Parchment Co. are manufacturing.

If they can get enough of this business at 22¢ per pound, it will not do us any harm, and it surely will not do them any good.

We are confident that in quoting a price of 22¢ per pound, on this sheet, they have no idea whatever of their cost.

You might let us know what the Buzza people have to say after they have given the sample shipment a fair trial.

Doc: I just learned today that Storys Parch wont take water colors they ran together.

P. S. You may be interested to know that we plan this week to make the 125,000 sheets now on order for Swartwood Nelson.

EXHIBIT P380

House Letter. April 9, 1928. Grossmith to Cashmore.

About a week ago we put a quotation in with the above company on their usual requirements of about one half million 8 x 11 and 50M 7 x 9 No. 4–30 lbs. plain for shipment to the Harding Cream Company, Omaha, that we usually include in one of our Omaha cars. These prices were as usual wholesale.

We were surprised in following our quotation up today when Mr. Martinson, their Purchasing advised us he had placed his order with the Story Parchment Company for the reason their price was lower than ours, and worth taking advantage of. I was not successful in learning what this price was but told Mr. Martinson that we would gladly meet the situation and told him that I hoped that we had lost his business only temporarily, and would again enjoy their future business and he told me to see him again in about four months which will be around August 5th.

The above for your information.

EXHIBIT W-74

Letter. April 9, 1928. Moody to Roddy.

Storey is quoting so Water Mkt—14½¢ lb on 30 lb. Bases in any quanity delivered by truck at their platform—so I took enclosed order for Coppersmith at 14½¢ frt allowed to Chgo—but Coppersmith does his own hauling—our price is only fob Chgo freight house—pls rush this order.

EXHIBIT K161

Letter. April 10, 1928. Greenlee to Southon.

Replying to your letter of April 5th with reference to the above subject.

Mr. Bremner told us yesterday that he would tell us today just what he would do with this order for one million butter wrappers—printed in four different copies, and for three split shipments.

He said that one of our competitors 'phoned him that he was coming over this morning with a proposition that he could not afford to turn down.

Mr. Bremner has just 'phoned me that one of our competitors (not a great way from you) has made him a flat price of $1.10 per M, this to cover the million wrappers with the four different copies in three split shipments.

This price of $1.10 per M is the million sheet price, less 2-½%. The difference between $1.10 per M and the price quoted; namely, $1.20 per M, is 10¢ per M, or $100.00.

Mr. Bremner states that $100.00 is a lot of money these days, but that to show that he is anxious to continue to do business with us, he is willing to split the difference and pay us $1.15 per M which is the 500-M sheet printing price basis.

Mr. Bremner states that he has to know tomorrow whether or not we accept his offer, for he has to get the order placed right away, so that he can get the first portion shipped by the time they need their wrappers.

Will you please, therefore, wire us tomorrow promptly upon receipt of this letter, whether or not we may accept their order? Awaiting your telegram.

DFT'S EXHIBIT K160

Letter. April 10, 1928. Southon to Roberts.

In response to your letter regarding the freight arrangements to Nashville, I wonder whether or not you are sure that our competitors are allowing full freight allowance on shipments to Nashville.

Personally, I doubt this but I would appreciae it very much, indeed, if you would make an effort to secure positive evidence of this and if you can send it on to me, I would very much like to see it.

EXHIBIT P53

Letter. April 10, 1928. Cox to Paterson.

Mr. Gramer took up with me today a matter in connection with Lexington, Kentucky order No. 2253. It seems this order was priced by Swift & Company with a discount of 52½% and 5% and was billed by us at 52½% and 2½% Lexington remitted on the basis of 52½% and 5% and we returned their check to them stating the remittance should be on the basis of our billing.

As you know, there was a period of some weeks where nobody seemed to know what the discount on circles was, and Swift were marking their orders 52½% and 5% and as a matter of fact, in the uncertainty of that period, I believe we invoiced to Swift on this basis, on a number of orders. At any rate, we would not question this 52½% and 5% on their orders.

As the amount involved must be trifling, I believe it would be well to not get into an argument with Swift & Company, and so I recommend that we accept the settlement on Swift's basis.

For your information, and as Mr. Cashmore knows, we are not at present getting any of Swift's circle and liner business because Story's price of 57½% discount is too much below our 52½% and 2½% for Swift to stand. Our price figured out, amounts to 9% more than Story's, and for this reason Mr. Gramer considers he is not asking anything very much when he expects us to let this Lexington, Kentucky remittance go thru as it stands.

EXHIBIT P381.

House Letter. April 10, 1928. Cashmore to Grossmith.

I have yours of the 9th instant in re the Borden Farm Product's order for shipment to the Harding Cream Company of Omaha which I note we have lost to the Story Parchment Company because of price.

It is always difficult to meet a situation which is unknown but I am in hopes that when this order next comes up, we will have no difficulty in reclaiming it.

EXHIBIT P382.

Letter. April 10, 1928. Mayer to Smith.

It was rather a shock to get your letter of April 5th regarding the above account in which you say the Story Parchment Company have offered them the wholesale price less 5% or 7½%. This is an unusual price although at times we have heard that as an inducement to the wholesale jobbing trade, they have offered 5% on the wholesale. We have never heard of such a discount as 7½%.

It would appear from what you said that Mr. Champlin leans very strongly toward the Story Parchment Company, and he is undoubtedly quoting Story when he gives them entire credit for bringing down the Parchment Paper price. They were determined to launch their paper on the market and the only possible means for them to do so was to make an inducement in price.

If we lose this account it will be the first large one we have lost entirely. Story have taken small orders here and there from our big trade who have given them trial orders, but have not turned over their entire business as it appears Mr. Chanplin intends to do.

We would like to have you give us more information on this. Watch this account carefully and see whether we are really going to lose out 100 percent.

EXHIBIT W-75

Letter. April 10, 1928. West Carrollton to Moody.

Your letter of April 9th is received and we note that Story is quoting the South Water Market buyers 14½¢ per pound on 30 lb. basis delivered their platform in any quantity. We accepted the order for Coppersmith at the wholesale price less regular Chicago freight allowance. However, if Coppersmith has a contract order for 2,000 pounds on file we are applying this order against the contract which will make everything regular.

EXHIBIT K162

Letter. April 11, 1928. Southon to Greenlee.

In reply to your letter of the 10th, we do not feel it advisable to make any better offer to the Bowman Dairy Co. than that outlined in our letter of April 5th.

The quotation mentioned in your letter which we are asked to meet has undoubtedly been made by the Story Parchment Company and if Mr. Bremner of the Bowman Dairy Co. feels that it is necessary for him to place this business with Story because of a saving of 10¢ per M. then I do not believe there is anything more that we can do.

We have always been very fair with the Bowman Dairy Co., in fact, we have given them concessions to which they were not justly entitled, but we do not see any reason why we should quote a price below cost, in order to retain this business.

I am not going to send you a telegram as requested, because I already have a call in for Mr. Eaton as I wish to talk with him on another subject, and while I am talking with him I will tell him what to do regarding this account.

DFT'S EXHIBIT K163

Letter. April 12, 1928. Kelly to Southon.

You have always told us to keep you posted as to any special prices being offered the trade in this territory so we give you the following information.

G. A. Bossler, of this city, has regularly furnished Sam Saler, 32 S. Water St., Philadelphia, wholesale butter and egg dealer, 16" x 16" — 40 lb. Vegetable Parchment printed blue "Saler's Best Rosemont Sweet Butter" and the last order you entered under factory order P-17419 of 12/16/27.

Saler is in the market for another order of 500 lbs. of this size and as usual Bossler quoted him.

The Huff Paper Co. of this city, also asked us to quote them on this same order which we did, and they told us that Saler claimed to have lower prices than our regular resale prices.
Saler has just told one of Bossler's salesmen that the order was given to Huff Paper Co. as their price was lower than Bosslers, and he also told Bossler's salesmen that he paid Huff 16¢ per lb. for the plain stock and 90¢ per M sheets for the printing, and the paper was to be shipped freight prepaid to DeSota Creamery & Produce Co., Minneapolis, Minn., also that Paterson Parchment was to be furnished and no charge made for plates.
Bossler suggests that you do not mention that this information came from him as Saler would not be apt to give him any more information of this kind if he knew Bossler had passed the information along to us.

EXHIBIT P53a
House Letter. April 12, 1928. Paterson to Cox.
Your letter April 10, shipment Kentucky order No. 2253, discount on circles and linings, Mr. Cashmore states it will be agreeable to make a settlement on this basis for this shipment. This basis of discount was never issued by us.
Allow this discount when check comes back.

EXHIBIT P383
Letter. April 12, 1928. Cox to Cashmore.
Acknowledging your letter of April 9th Mr. Grossmith when visiting Krey last week told them that we would credit on the 36 x 36 to equal the 50M sheet basis. As a matter of fact he used this concession as a basis for his argument in trying to get out of our 1¢ per lb. allowance on shipment of March 7th. Accordingly, it is up to us to issue a credit on the 50M printed 36 x 36 wrappers.
Now then, I have a different picture and attitude on this Krey matter from yours and it is this:
The Krey account is a very large one, and the Krey personnel are very friendly to us. Over a period of years we have become rather intimate with those people, and between Grossmith and myself we have entertained at our homes certain of the Krey's, their daughters and husbands, and in turn have been entertained by them at their homes in St.Louis. Prior to the advent of Story, we had plenty of competition to work against in the shape of Orchard Paper Company selling them WCP. Orchards are

very slick operators, from time to time they have shared in Krey's parchment requirements and for several years they have sold them almost all their other large requirements of papers other than parchment. The Orchards are at the Krey Plant several days each week—they are in position to give better service than ourselves in an emergency, they usually could supply from their stock, and on such a proposition as taking an order for 50M printed wrappers, shipping half at once, and the balance thirty days later Orchard would not even think of saying No.

When Story came on the scene Krey like other packers were urged by the Institute to buy Story paper, and were assured that on any order they would get at least 2½% under our prices. We fought to hold our business in St.Louis as elsewhere, and we said to Krey as we did to others that we intended to protect our tonnage. We said that if in between our visits Story, or the Institute indicated lower prices, not to jump at them but to feel that we were Krey's friends, and would go along with them in the fight we were having, and would protect their interests as well as ours.

As a result of this Krey told us not to worry, that they would stick with us, that they realized a new concern breaking in often made unfair propositions, and that they would expect from us only what was reasonable, that we would bill them our parchment at the market at all times.

Now then, the question is what may be considered the market Perhaps at least two weeks before our shipment of March 7th Story were quoting on our March 9th basis, and the Institute were assuring Krey of 2½% below that. Indeed it may be that they were naming a price of 5% below for they were on the 5% differential for a part of the time. The fact that we did not change until March 9th, does not interest Krey because they well knew that as far back as the first of March, and before Story were quoting even below our March 9th basis.

From Krey's standpoint, even with our crediting to equal the March 9th basis, they feel they are giving us all the best of it, and I am very positive if we were in even the slightest degree to indicate to them that we thought they were arbitrary, they would cut us off in one half minute.

I should like to have you consider all this from the above viewpoint, and I am very sure that you will have a different picture of the matter.

EXHIBIT P54

Letter. April 14, 1928. Swift & Co. to Paterson (Chicago).

We are in the market for 5,000—9" parchment paper circles reading "Swift's Confectioners Cremol" according to sample herewith. We are under the impression that you printed the last lot for us.

Will you please investigate, and if so, state price.

EXHIBIT P54a

House Letter. April 16, 1928. Cox to Paterson.

Please advise me immediately with regard to attached letter of April 14th by Mr. Gramer. The sample is being held here because I believe your reply will be that we have not printed this design, and in that case Mr. Gramer probably will give this small order to whoever it was that handled the item before.

The design is typed in blue, and scroll in red. It reads Swift's Confectioners Cremol, Swift & Co., U. S. A

EXHIBIT K165

Letter. April 16, 1928. Greenlee to Southon.

When Mr. Troll called on the Strube Celery & Vegetable Co. today, he happened to notice a bale of Story Parchment on the floor, and asked for a sample.

Mr. Strube thought it was our paper, and was greatly surprised to find that it was not our paper.

He has bought 3 bales from the Story Parchment Co. through the Hanchett Paper Co., and Mr. Strube stated that the Hanchett Paper Co. told him they were delivering our paper.

I wish you would please examine this sample carefully, for it has a peculiar "feel" to it, lots of "gravel" and apparently has a strong taste of some kind.

We have just wet a portion of this sheet, and it has very little strength.

You are always anxious to see samples of Story's product, and here's a sample taken from a recent shipment.

What would you say about it?

EXHIBIT K164

Letter. April 16, 1928. Greenlee to Southon.

Referring further to your letter of March 20th with reference to the above subject.

What did Dr. DesAutels report on the samples of Pearl Parchment send you?

Awaiting your reply.

EXHIBIT P384

House Letter. April 16, 1928. Cashmore to Gray.

I have yours of the 6th with which you enclosed a sample of Story art parchment and which you report they are offering to the merchants at 25¢ per pound.

I have seen this sheet before picked up from other parts of the Country with the same price quoted and judging from its quality we have little to fear from its supplanting any of our art parchment, I think.

However, it might be well to keep your eyes open to see if any of it is being purchased and to let me know from time to time how it is working out.

EXHIBIT K166

Letter. April 17, 1928. Southon to Greenlee.

Thanks for your letter of April 16th relative to the above.

If the Hanchett Paper Co. told the Strube Celery and Vegetable Co. that they were delivering KVP GENUINE Vegetable Parchment and substituted Story Parchment, then I believe something should be said to the Hanchett Paper Co. about it, as this is nothing more or less than dirty work and only goes to show how necessary it is for you and the rest of the boys to be on the job every hour of the day to see that our friends do not put over any deals, like this.

EXHIBIT K167

Letter. April 17, 1928. Southon to Greenlee.

The reason we have not written you before relative to the Story Parchment Co. and their Pearl Parchment is because we have been trying to get a line on just what this Pearl Parchment is supposed to be.

As far as I have been able to find out, it is not a standard item but is a name that they have given to a special lot of paper which they were trying to sell.

Our laboratory report indicates that the sheet is parchmentized to some extent but to use Story's own language, "the ash content is much higher than that of regular parchment".

The color, too, is off and we are inclined to believe that they have been doing some experimenting with unbleached pulp trying to see just how cheap a sheet of parchment they could make, and that it is such paper which they are trying to dispose of and instead of selling it as seconds, which it really is, they have given it the name of Pearl Parchment.

Now, I do not know whether our analysis of this is correct or not, but from what we have been able to find out, this appears to be the case.

I shall be glad if you will let me know to what extent you have heard of Pearl Parchment.

EXHIBIT P287

Letter. April 17, 1928. Dohan to Cashmore.

I saw Mr. Fry, of Jessup & Moore Paper Company, who kindly got me some information in regard to esparto pulp.

The product is little known in this country though it appears that Atterbury Bros have been, or are now, importing some for a customer.

I did not think it advisable for me to make the inquiry of Atterbury Brothers. You possibly have dealings with them and inquiry made by you directly would probably not lead to disclosure of the inquirer.

I understand the esparto comes out of Spain, and most of it is shipped to England where it is made into pulp and paper, and then some of it goes to France.

Some, but very little, of this esparto pulp (or grass) comes to America, and the amount does not probably exceed 300 or 400 tons a year. The esparto pulp in this country is worth about $5.25; the grass if brought into this country about $20. a ton and yields about 33%.

Atterbury Brothers, of 110 E. 42d Street, New York, are sending samples for some other parties which are expected shortly and will send sample over to Mr. Fry, and Mr. Fry said if they were not importing they would give me the name of the people who were importing.

EXHIBIT P286

Letter. April 17, 1928. Cashmore to Dohan.

Thank you for forwarding me the clipping in re Crown Willamette-Zellerbach's merger in which, as you realize, we are deeply interested.

With Zellerbach in the manufacturing field, through these large mills of Crown Willamette, there is no telling what may develop. However, I am hoping that they will steer their thoughts clear of manufacturing parchment.

Trust you are well after your strenuous trip through the West and as I may be in Philadelphia shortly, I shall make it a point to drop in to see you.

EXHIBIT P54c

Telegram. April 18, 1928. Paterson (Passaic) to Paterson (Chicago).

We have plates for printing Swift's Confectioners Cremol circles.

EXHIBIT P385

House Letter. April 18, 1928. Jones to Cox.

Attached find order. Mr. Breeden says their order for printed parchment for March 7th shipment has not been shipped yet from Story. Also they have an order in with them for export box liners which was to be shipped April 1st, and they have no invoice up to date. They are not in a hurry for the printed stock but do need the box liners. Breeden is waiting until they run out of this paper and then he will go to headquarters and get permission to place his orders as he formerly did, and where he gets service. He gave me the enclosed order without getting permission as they need the paper.

EXHIBIT P54d

House Letter. April 18, 1928. Paterson (Passaic) to Paterson (Chicago).

We are enclosing confirmation of telegram we mailed you in answer to your letter April 16.

Have checked over our records and find we have plates for printing these 9" Swift's Confectioners Cremol circles. For your information, it is at least 5 years since we have printed these.

EXHIBIT P288

Letter. April 18, 1928. Cashmore to Dohan.

Thanks for yours of April 17th in re esparto pulp.

Note that Atterbury Brothers have imported some of this and we will make some investigation with the idea of getting some for experimental purposes.

Thanking you for your interest

EXHIBIT K168

Letter. April 19, 1928. Greenlee to Southon.

Replying to your letter of April 17th, would advise that I heard of Pearl Parchment several weeks ago, from two or three different sources, but I do not hear the name mentioned now.

I imagine we can just as well consider the matter as closed.

EXHIBIT K234

Letter. April 19, 1928. Dohan to Southon.

I saw notices recently to the effect that Zellerback and Crown-Williamette had consolidated, the amount involved being some-

thing like $100,000,000. This will doubtless lead to a great spurt of energy on the part of both, and I think it creates a rather delicate situation out there that you will have to handle with a good deal of care.

Let me know when you are coming East, and I shall be very glad to make appointment to meet you.

EXHIBIT P54e

Letter. April 20, 1928. Swift & Co. to Paterson (Passaic).

Please ship at once the following:
5000 — 9" parchment paper circles according to sample attached.
Swift's Confectioners Cremol.
30 lb. basis.
Price $1.18M, printing $3.40M, 2% ten days, f.o.b. mill.

EXHIBIT P386

House Letter. April 20, 1928. Cox to Cashmore.

Subject Oscar Mayer & Co.

As you know the above customer has been placing business with Story, Mr. Oscar Mayer, President of the Institute of American Meat Packers feeling that Story competition should be encouraged gave instructions to his buyers both at Madison and Chicago to give their parchment business to Story, and it appears that Mr. Breedon at Madison rather resented being told where to do his buying. I guess also Mr. Breedon after having looked at one or more of Story's Jewish representatives, took a dislike to them.

Anyway Mr. Jones has been reporting to me that Breedon is sitting back trying to get something on Story, bad looking paper, printing or poor service so that he would have some justification for cutting them out. I now attach letter from Mr. Jones dated April 18th which seems to indicate that Mr. Breedon may have his wish in this respect.

The thing is a little too deep for me because you will remember we sent samples of a beautiful job of Decorated paper that Story shipped to Madison indicating that Story had Mayer's plates ready on this particular job. Accordingly I cant see why Story would be so much behind on their shipments, for so far as we have any knowledge this new Mill cannot be burdened with an over supply of orders.

EXHIBIT P387

House Letter. April 20, 1928. Jones to Cox.

Mr. Kuhlow, buyer for above, said they were about ready to give up parchment, as a representative of Story came to Fond du Lac, calling on the creameries, and quoting them wholesale prices. He said he knew this to be a fact as the Fountain City Dairy Co., Fond du Lac, showed him the written quotations left with them by Story's man and they were our wholesale prices. He said Story's man came in to see him but he sent out word he was too busy to talk to him. He didn't remember the man's name, but it must have been Tommy Koch. I had a nice talk with Kuhlow and when I left him he felt better about continuing to handle parchment.

EXHIBIT K235

Letter. April 21, 1928. Southon to Dohan.

We, too, have seen the notices of the consolidation of the Zellerbach and Crown-Williamette interests and realize that this is now some organization.

We have been wondering just how it will effect our interests on the Pacific Coast.

I am leaving tomorrow for about a two weeks trip thru the Southwest so I do not expect to be East for at least a few weeks.

After my return, I will get in touch with you and let you kow how soon I can make the trip.

EXHIBIT P389

House Letter. April 21, 1928. Cox to Cashmore.

I am sending the attached file simply for your information. Apparently Story intend to visit at least once all the little accounts that can possibly be reached.

EXHIBIT P388

Letter. April 21, 1928. Cox to Jones.

I am very glad to have your mail this morning and in particular to note the Palmyra Creamery Company order. CPM Co., are being written in this connection, and if they have not already entered the order in question, they will do so at once, and I have no doubt we can make shipment at the time wanted.

I note also your letter with regard to Damrow Brothers, and these people hardly could be blamed for losing interest in parchment in view of their customers being quoted wholesale by the Story Mill.

I simply cannot understand Story's policy in this respect — still there are a lot of things one can't understand about them. Anyway they tell these jobbers and distributors they will sell only thru jobbers and distributors, except to the very large consuming trade, and at the same time seem to be getting around to all the little trade. Possibly it is their idea to cover the ground thoroughly once, and then take their chances on orders coming to them without further visits.

I am pretty sure it is not Mr. Koch who is covering the territory up there because I see him in Chicago right along and certainly he has more than enough to do trying to cut in around Chicago. Accordingly, will you please try to find out definitely for me who it is that is working around Wisconsin.

EXHIBIT P390

House Letter. April 23, 1928. Cashmore to Cox.

I am glad to have your letter of the 20th enclosing an order Mr. Jones secured from Oscar Mayer & Company and your note makes interesting reading especially the reaction Story has on Mr. Breedon.

We trust that this may be fertilized and developed so that we, in turn, will secure Oscar Mayer's business in the future.

EXHIBIT P391

Letter. April 23, 1928. Cashmore to Cox.

I have yours of the 21st enclosing file of Mr. Jones in re Damrow Brothers and am glad to have the information before me. It seems that Story are quite active quoting wholesale to most of the small retail accounts.

Just how far to go on this sort of thing I am undetermined but it seems foolhardy go after them on small accounts as it is apparent they would only go still further and continue the havoc on the lower level.

I am hoping you are keeping me advised of all these various competitive activities so that I may have it all before me to present at our meeting though I cannot bring myself to the conclusion that we should go any further.

I will be glad to have a further expression from you if anything materializes or comes to your mind.

EXHIBIT. W-77

Letter. April 25, 1928. Orchard to West Carrollton.

The East Side Packing Company advise that they can buy Parchment at price better than 14¢ and 14½¢, delivered East St. Louis, from the Story People.

Either the price is quoted thru the Institute or by Story direct. They claim that they can purchase the paper at 14¢, less 2½% discount and also less 2½% trade discount. This brings the price down to $13.65 per cwt. on the 40 lb.

According to their claim, there is no differential for 30 lb. However, I do not believe that in this case East Side is absolutely right.

Will you please advise if you have heard of any prices on 30 lb. less than 14½¢ from these people? This 2½% special discount applies on both 30 lb. and 40 lb.

We want you to write us immediately authorizing us to quote these prices, in order to meet this competition. Please do this at once.

EXHIBIT W-76

Telegram. April 25, 1928. Starrett to West Carrollton.

Retail trade in this territory supplied with Story Jobbers List base fourteen and one half speciman in mail to you

EXHIBIT P289

Letter. April 26, 1928. Cashmore to Dohan.

Am returning the enclosed which you forwarded to me after having perused it thoroughly.

Think it would be a good idea to have another meeting soon, preferably in the East, as there seems to be some renewed activity from our new competition.

EXHIBIT P290

Letter. April 27, 1928. Cashmore to Dohan.

I am enclosing a pamphlet sent out by the American Paper & Pulp Association thinking you might be interested in the article about "Tariff Revision" and would be glad to have your comments.

EXHIBIT K170

Letter. April 28, 1928. Howe to Southon and Christy.

Mr. Champlin of this concern tells me that they are giving our new competitor the lion's share of their business. He did not tell me that their price is lower than ours but acted like a man who is getting a better price but has been asked to say nothing about it. He gives as his reason for dealing with Story the old song and dance about wanting them to remain in business.

EXHIBIT K169

Letter. April 28, 1928. Howe to Christy and Southon.

Mr. Kaufman of this concern has placed an order with the above company at a price below ours. He tells me that they will have to give Story their business if their sheet proves satisfactory. I am not worrying much about it.

EXHIBIT P428

Letter. April 30, 1928. Kindleberger to Cashmore.

There is a concern in Salem, Oregon, by the name of Western Paper Converting Company who are trying to bust into the Parchment Game. The Leadbetter money is back of this Company, and the Leadbetter Crowd are the ones who have been talking about starting in the Parchment game.

They have a company that will get into the selling end as this Company now wants to do, as they want to purchase our Parchment, and it would be very easy later on to get the Leadbetter Crowd to put in a Parchment Machine.

We have written our Mr. Johnson that we will not be able to serve them.

EXHIBIT W-78

Letter. April 30, 1928. Moyer to Orchard.

I have your letter to which was attached a sample of "Whalehide" and I also think a sample of "Duropack". These papers as you know are made by our two competitors and the reason we have never gone into this is, that the demand has not been sufficient to justify its manufacture, the price running pretty close to that of Genuine Vegetable Parchment. Furthermore, we have not found out where packers are using this sheet. Do you know positively any packer who is using it, if so, for what purpose?

We can make this sheet and will if there is very much demand. I wish you would check up a little and see what the possibilities are and if there is any tonnage in sight we will run up samples and give you a competitive price.

With reference to East Side Packing Company. I checked up on this Institute price in Chicago and also since I came home. Just now I do not feel we should meet Story's price to East Side and if possible wish you would drag this along for a few days more before making a positive decision. I want to see what a few other people are doing along this line. The great trouble is if we were to meet Story's price to East Side we would be selling them cheaper than we do the Big Four in Chicago. You know also it would be cheaper than the order we just sold Heil or the price we have made to Independent. We have refused in a great many places to meet this Story quotation and in every instance so far, have gotten by with it and held the business. I do not feel that it is policy or good business for us to make East Side Packing one price and the rest of our trade another price, and as you know just as soon as East Side had this price they would advise the Institute members and it would be up to us to meet it all over which we can't afford to do today

I will write you again on this subject within the next day or two

You also remember reporting to me that you understood Story was coming out with a new price. I do not think he is coming out with a new price but rather with a new price list to conform with our latest list of March 9th, in fact we have had mailed into us within the last day or so, several of his advance sheets and his base price shown on these sheets is exactly the same as our prices issued March 9th, altho there is a slight variation on some of the cut sheets, sometimes in our favor, sometimes in his. Furthermore, so far as we can learn, he is observing the differential of ½¢ for 50 lb. paper over the 40 lb. basis.

EXHIBIT K236

Letter. May 1, 1928. Dohan to Southon.

Your April 2d letter duly received, and I will look to hear from you as to when you will next be in the East, as I think it would be very important to keep in touch with the import situation.

Please let me hear from you as soon as possible. I will come West if necessary.

EXHIBIT K172

Letter. May 1, 1928. Greenlee to Kindleberger.

I understand the Story Parchment Co. are stocking all of the Armour & Co. Parchment Butter Wrapper designs that we do. I also understand they are getting a big share of the business. It looks as though we only get the business where we can handle the same more advantageously through our pool cars.

Mr. Lovelace gave me an order yesterday for Oklahoma, and said he could place the same order with our competitor at a saving of $30.00.

He tells me that on the quarter-pound Cloverbloom and Supreme Butter Wrappers he has a price of 53¢ per M, or just 5¢ under our price, and that what he is saving on this one item would pay his salary.

Mr. Lovelace stated that our printing prices for the quarter-pound wrappers were beyond all reason, and intimated that we need not look for the same volume of business we have had in the past, although we would continue to get some of the business. Now, if the Story Parchment Co. can sell the quarter-pound printed Butter Wrappers at 53¢ per M and make money, it is something for us to worry about; but, if you are satisfied that at this price they can't make money, then that is something for them to worry about.

Mr. Lovelace advised that if it wasn't for the Story Parchment Co., they would be paying much higher prices than they are today, and, consequently, felt that the Story Parchment Co. are entitled to a good share of their business.

When I took over your account better than twelve years ago, it was the Armour & Co. business that put me on my feet, and it looks now as though it is the Armour & Co. business that is going to put Mr. Koch on his feet.

We have not had an opportunity to show Mr. Lovelace how valuable we are to Armour & Co., but we certainly would not have been getting the business we have from them during all these years, had it not been to the benefit of Armour & Co.

I cannot help but feel that conditions are soon to change, so that we will again be able to convince Armour & Co. that we are a good house for them to tie up with.

Will you please acknowledge?

EXHIBIT K171

Letter. May 1, 1928. Fletcher to Christy and Christy.

Some of the paper jobbers in my territory, have told me, that Story Parchment Co. were giving them protection, and not soliciting any business outside. Besides they give the jobber 5% discount, so they can sell the packing trade on a wholesale basis. If other men have run onto the same conditions, (and I presume they have) you might like to know, that Story is sending circular letters direct to the dairy trade with the following quotations.

40 lb. Mazonnier liners pts. $1.75 qts. $2.50.
30 lb. " " " 1.35 qts. 1.95.
63 lb. tub liners 30 lb. parch. $12.00 per M.
12" circles 30 lb. parch. 2.10 per M.
14½" " " " 3.10 per M.
15" " " " 3.25 per M.
Plain 8 x 11 — 30 lb. parch. 95¢ per M.
" 9 x 12 — 30 lb. parch. $1.17 per M.
" 7 x 9 — 30 lb. parch. 72¢ per M.
" 11 x 11 40 lb. milk can top $1.67 per M.
" 11 x 11 50 lb. milk can top 2.09 per M.

Stock printed ice cream can squares.

10 x 10 — 30 lb. printed $1.83 per M.
12 x 12 — 30 lb. printed 2.35 per M.

There were no quantity prices at all quoted, so I presume these prices apply on any quantity, and list said nothing about any prepaid freight shipments.

Another thing, how can a jobber sell the packing trade parchment (Story), when Story have gone to the Packers Institute and made them a price of about ½¢ per lb. less than 14½¢? And I know they have done that. I am trying to meet these conditions with a smile, and an assurance to the trade, that we are selling them quality and service at the best price possible. I don't know that you realize it or not, but a great many buyers of parchment, seemed pleased that Story are in the market, and have broken what the term, "the Parchment Combination."

EXHIBIT P392

Letter. May 1, 1928. Cox to Cashmore.

Mr. Greenlee is reporting to his Mill tonight in substance as follows:

Mr. Lovelace of Armour & Company advised Mr. Greenlee today that he is turning over I believe all of Armour's Cloverbloom and Morris' Supreme quarter pound Bútter Wrapper business to Story, thus cutting KVP out of or at any rate giving to Story what amounts to about 100 million quarter pound printed wrappers

Mr. Lovelace's explanation to Mr. Greenlee is that where KVP's price on quarter pound Cloverbloom is 58¢ per M—59¢ less 1¢ to equal the ¼¢ per lb. under wholesale—Story have now made a proposition of 53¢ per M And, as Mr. Greenlee understands it, Story, without any carload service, will ship all these orders as they come along at the same freight terms that KVP are giving. That is they will ship apparently as far away as into Kansas and Oklahoma LCL on the same freight terms that KVP are making with their very fine carload service.

I saw Mr. Lovelace at noon, had quite a long visit with him, and among other things agreed to get him a little information he was after in another direction, but he made no mention whatever of this new Story arrangement. In view of the fact that we are not supplying butter wrappers to Armour, doubtless he thought that there was no particular occasion for discussing the matter with me. Therefore, I am able to report to you only on the basis of what Mr. Greenlee told me this afternoon.

Of course any one can figure out that quarter pound wrappers can be printed at a lower price than One Pound Wrappers. Our printing prices for the two sizes being the same, it has always been somewhat of a surprise to me that more people have not spoken of the matter and wondered why there should not be a lower price for quarter pound printing. I used to have this very much before me while I was on the Coast, for the large printers out there seem to get rich buying paper at somewhat above wholesale and then selling quarter pound one color butter wrappers at wholesale. They never could do business at all on this basis on the one pound but they certainly did plenty of business on the quarter pound.

Now then, we weren't getting any of this Armour Cloverbloom business so we are not hurt at the moment, but I cannot imagine what is to prevent Story going into Swift with a nice little proposition on their three color Brookfield. If they can take 5¢ per M off on one color, I should say they can take at least that much off on three color. Nothing whatever has been said to me in this connection by Swift and so I feel that they have not so

far been approached by a Story proposition. Anything that develops along this line, I will immediately report to you.
P. S. This 5¢ under the price we would quote Armour is actually only about 4¢ under what Story were normally quoting Armour. What I mean to bring out is Story are quoting the packers 2½% below our prices generally speaking. After all it may be that Story are not thinking in terms of the printing cost of these wrappers, it is possible they just simply decided to make a big cut on the quarter pound item, something like 10% below regular wholesale.

EXHIBIT W-79
Letter. May 1, 1928. Roddy to Breeden.
We have your order No. 5548 for Parchment Circles and plain Parchment sheets. On the circles we can make you our regular discount of 52½% and 2½% from list price, but there is no discount on our price for plain sheets, 30 lb. basis, which is 14½¢ per pound net. We are in position to make prompt shipment and hope you can authorize us to enter your order on the above basis.
Awaiting your reply with interest, we remain

EXHIBIT W-80
Letter. May 1, 1928. West Carrollton to Starrett.
Referring to the order for 200,000 8 x 11 — 30 lb. Parchment for Sheboygan Falls Creamery Company, we have decided to take this at the wholesale price. On large orders such as this we will accept the business at our wholesale price where it is necessary to do so to meet Story's competition.
Referring to the order for Oscar Mayer and Company, Madison, Wisconsin, we cannot allow the extra 2½% discount. It is no use making an exception of this one order because it would surely spread. We are therefore writing Mayer and Company today asking them whether we may enter their order at our regular wholesale price. Copy of the letter is herewith enclosed.

EXHIBIT K192
Letter. May 2, 1928. Kindleberger to Greenlee.
I have your letter of May 1st. relative to the Armour situation, and the printing prices.
We will go over this as soon as Doc gets back and will see what we can do in the matter.

EXHIBIT W-82

Letter. May 2, 1928. Moody to Moyer.

I advised Lovelace to-day what our biz with Armour amounted to in 1927—in dollars and cents—Then he asked to find out and advise him what our tonnage with Armour was for each of the following months of this year—namely March and April please give this information by return mail.

Lovelace then advised me I would have to make a better price on butter wrappers—we then had a long talk as follows—I asked him what he wanted the information for of the tonnage of March and April—he replied that wanted this information—so he could check up and see if he was taking any more tonnage in proportion away from me and giving it to Storey than he was from Kalamazoo and Patterson—I then inquired why the request for new prices on butter wrappers—and he said that if we could not make better prices on butter wrappers that he would be forced to give most of the tonnage to Storey—he claimed that he had tests made on the butter and Oleo wrappers Storey had furnished so far and these wrappers were just as good as ours in every respect. He then told me that he had been giving Storey the cream of the biz—that every order he had received that amounted to 5000 lbs and over was going to Story as a difference of 10¢ cwt. on the 40 lb. Bases alone amounted on 5000 lbs. to 5.00 which in a years time would mean considerable money—still at same time he was giving West Carrollton Kalamazoo & Patterson—biz at higher prices—and would continue to do so—but that it was to Armours advantage—in dollars and cents and it was good purchasing practice to give most of tonnage to Storey—as their prices were always lower—and also because every time Koch called he made further concessions.—[I suppose by this he allowed entire freight—etc] Lovelace said I dont want to give this concern biz I would rather give it to you—but I cannot give you any big tonnage as it would mean too much of a loss to Armour's said thought Armour was doing a good deal to handle the buying as they were doing—it was costing them money—and so far they could not find where Storey's parchment for any purpose was not as good as ours—said this dont mean that I am not going to favor you—in fact I am going to give you personally the preference of the other three parchment concerns He said that Kalamazoo biz with Armour last year ran from $15,000.00 to $20,000.00 per month—that Kalamazoo is feeling this worse than you are—I said where is the

Estab. number Star and Supreme ham wrapper biz I was going to get—am I losing it—or havent you had any requisitions—he said partly both—which I of course understood means we are losing this biz—he spoke about the fact that one reason he was giving Kalamazoo some biz was that they bot their glycerine from Armour—I told him that we were the biggest buyers of glycerine from Armours up to the time two years ago when glycerine advanced to 25¢ per lb—that in 1925 we bought $35,000.00 worth of glycerine from Armour that since then Armour had never asked me to buy their glycerine as they had a market elsewhere told our glycerine biz in 1925 was more that our parchment biz with them that year. that no parchment concern was using glycerine now, except on special orders where specified glycerine treated wrappers for which charged extra—that he said was correct that they paid Kalamazoo 1¢ per lb. extra for glycerine treated sheets—Lovelace then asked me to get their prices next time we were in market for glycerine Ac now continued.

I wish you would advise me at once what to say to Lovelace in regard to lower prices on butter wrappers.

It looks to me like the situation is getting serious between Armour and A & P developments The worst of it is—our hands are tied as far as making an inside price direct to Armour is concerned—I mean play a lone hand—for Armour would immediately inform Patterson & Kalamazoo—they could not do anything else—when they took the biz away from Kalamazoo for instance—but tell them they had a lower price—therefore we will have to continue as heretofore but my judgement [if you well pardon me] is that we have reached the point where we ought to reduce the price to a point where Storey will have to quit—otherwise they will get too good a foothold—with these large accounts where the major portion of the tonnage is.

I wish you also would reply regarding that Cudahy inquiry for contract proposition for a year—I have stalled Armstrong off—but will have to say something soon — what are our friends going to do in the matter—I would not be surprised that this only a bluff of Cudahy's—but from way things are developing—how do we know but what Cudahy might close contract with Storey—

EXHIBIT W-81

Letter. May 2, 1928. Tri-State Butter Co. to West Carrollton.

In your last shipment of Plain Rolls you sent 13" size. Now you know better than that.

What did you find out about meeting the Story price on Parchment Liners. Do you want the order at Story quotation? If so advise at once and enter order for 75,000 Circles (12-14½) also Liners at following prices. 11.32 Liners — 1.92 = 12" 283 = 14½ — Less 2% cash.

We didn't hear from you about the order of wax printed 4 oz. net weight. We can't find any record of ordering same here and feel there is some mistake. What about price on wax and parchment slip sheet roll wraps you promised to confirm when down here?

Awaiting your reply.

EXHIBIT K237

Letter. May 3, 1928. Gordon to Dohan.

In reply to your letter of May first, Mr. Southon is in the South at the present and will not return to the office for possibly another week.

He will reply to your letter upon his return.

EXHIBIT K173

Letter. May 3, 1928. Kelly to Southon.

This will acknowledge receipt of your favor of April 30th, under the above subject, and you are certainly right regarding what you have to say about some of the buyers.

No matter what price you would quote some of the purchasing agents throughout the country, they would tell you that your prices were high and it is a shame that this unfair practice exists. There are, however, a great many cases where low prices are being quoted and it is unfortunate that some people are willing to do business at practically cost, but sooner or later those people go out of the picture.

You will notice that we do not ask you to meet competitive prices, but we do make it a point to keep you posted with reference to the price cutting in this territory as you have always told us to do this, however, in the majority of cases where it is necessary to cut prices in order to get business, we would rather not get the orders, and while this works a hardship on all of us at times, we believe you will say that our idea is right.

You can depend on our following your instructions.

EXHIBIT P393

House Letter. May 3, 1928. Cashmore to Cox.

I have your letter of May 1st in re your talk with Mr. Greenlee on the new developments of Armour with Story on their supply of Armour's Cloverbloom and Morris' Supreme quarter pound Butter Wrappers because of a price consideration.

True this does not momentarily affect us as this has been regularly KVP's business but I fear that the same undercurrent will work toward Swift and something might be said to you in that regard.

Of course you understand that we are not letting Story take any account such as Swift if we can help it and we will, of course, meet it should Story start the ball rolling with Swift.

I know you will keep your eyes on the works and your ears to the ground and advise us of developments as they materialize. However, from this you will know how we stand.

EXHIBIT W-87

Telegram. May 3, 1928. Sill Paper Co. to West Carrollton.

Hubbs finds Story quoting Ehlenberger prices fifteen cents lower for the eight by nine and thirty cents lower for the nine by twelve Ehlenberger feels these prices so much lower they not justified in favoring Hubbs and us Have urged to hold placing order until get your advice Hubbs quoting regular retail prices Wire whether we shall revise and give price for Hubbs and what you want Hubbs to quote inquiry for two hundred thousand lots

EXHIBIT W-83

Letter. May 3, 1928. Moody to Moyer.

You well recollect when you were here—we discussed the point of whether I had been overlooking any trade—if it was possible that there was some tonnage available that I had missed—so I started to-day to comb the town—I made eighteen calls—on some people I had never called before—I hunted up all the fish concerns for instance. It developed that Robbins Inc—362 W Kinzie St—buys later on in the year about ton or so of Parchment for Shrimp packing That Johnson Smoked Fish Co. 401 Kingsbury St Chgo—buys 1000 lb. to 1500 lb.—30 lb. self sealing wax in sizes in sizes 8 x 12 and 12 x 16—per year—both these concerns will let me know—also I will follow up —

when in market—you might give me the prices to quote these people—whether jobbers price on the parchment and also price on the wax—

F. C. Traver Paper Co told me had bot two lots lately ton each from Storey and was working on deal which if landed in next ten days would amount to 5000 lb.—30 lb. Parchment—do we want to let Storey continue to get this biz—or can we make Traver a better price than—14½¢ lb.?

Reverting to fish—the two above named concerns are all the fish concerns in this territory that use either parchment or wax outside of Booth Fisheries by the way—please advise on that Booth proposition—

Wish you would please send me some folders or envelopes containing only samples of Clean Food sheets with latest price lists so I can leave the folders and lists when I am calling on small jobbers.

Kirchheimer told me his parchment biz was nil—wasnt doing anything—so did not make any difference to him what the price on parchment was—there was no lard bag biz. at present—

EXHIBIT W-84

Letter. May 3, 1928. Moody to Moyer.

Koch of Storey Parchment Co. advised Lovelace Armour's buyer that Storey would guarantee the present prices on parchment for the balance of the year.—I think that they also have made this proposition to Cudahy—which is why Cudahy is asking for proposition on contract for a year—in fact would not be surprised if have not made this proposition to all four big packers.

Please advise on Cudahy proposition—and what better say to Armour Swift and Wilson when they ask me if we will guarantee our present prices for the balance of the year.

Armour you know has switched their Star Bacon and all bacon wrappers from greaseproof to to 30 lb. Bases parchment—and they evidently want to be sure that price of 30 lb. Bases parchment for bacon wrappers will not be raised just after this change has been made—and force them to again change back to 40 lb. and 30 lb. greaseproof.

Furthermore if Swift and Co ever change to 30 lb. Parchment for ham & bacon wrappers they also will ask if they can depend on price of 30 lb. Parchment not going any higher.

You know the greaseproof representatives are advising the

Packers that if they change to parchment and Storey is absorbed or goes out of biz that price of Parchment will immediately be advanced.

EXHIBIT W-85

Letter. May 3, 1928. West Carrollton to Bahl of Tri-State Butter Co.

Your letter of May 2nd addressed to Mr. Randolph is received. The diameter on the plain rolls was not Mr. Randolph's mistake but the writers. 13" rolls are standard and in writing up this order I overlooked the fact that your rolls should be 15" diameter. It will not happen again.

We are entering your order today for 75,000—No. 260—63 lb. Parchment tub liners—75,000–12" Circles and 75,000 14-½" 30 lb. Parchment Circles at the price quoted you by Story. We appreciate your giving us the opportunity to accept this business. This is a nice order and we should have been sorry to lose it. At the same time we trust you will not think us out of order if we tell you that these prices are not justified by today's manufacturing costs. There is no profit in the order for us but we want to hold your business and are satisfied if we can break even on the order.

Mr. Randolph will write you a separate letter regarding the order for Waxed Paper printed "4 ounces net weight" about which there seems to be some difficulty.

We hereby confirm the quotation given you by Mr. Randolph on April 18th covering Parchment and Waxed Paper butter wrappers interleaved.

100,000 — 11 x 11-¾ — 25 lb. Dry Waxed Paper ptd 1 color $1.07 per thousand.

100,000 — 11 x 11-¾ — 30 lb. Parchment plain — $1.40 per M.

No additional charge for interleaving.

Terms: 2% ten days net thirty days.

The price on the Waxed Paper wrappers is f.o.b. mill, no freight allowance, but on the Parchment wrappers we can allow you freight to Cincinnati.

Thanking you for the order for Parchment Circles and Liners, and trusting to receive your order for the interleaving sheets soon, we remain

EXHIBIT W-86

Letter. May 3, 1928. Moyer to Moody.

Your letter of May 2nd telling of your visit with Mr. Lovelace yesterday in regard to Armour's tonnage, etc., received and I

must say it is rather disquieting and gives one something to think about. Of course there is no use of trying to dodge the issue and we will have to face facts as we find them but I am not prepared to say right off the bat whether or not we can make a better price on butter wrappers. I quite agree with you that the proper thing to do would be meet Story at every turn. It is the way I have felt all along and still feel, but you know that as soon as we make a better price than our other competitors they will know it, then the fight is on. Instead of having to watch and check up against one competitor you would have three. We would all lose money and I do not suppose be much better off. However, this is not saying we will not make a better price, frankly I do not know just now but I am going into the subject and hope to advise you more definitely within a week or two. Until then use your ingenuity to sidestep and just say that it is being investigated or that you are having it looked up or see what can be done. It is a serious question and means a further reduction all along the line. I do not think you can make one price to Armour, another to Cudahy and so on, altho I notice Story is doing this. Consequently, for the present he like anyone else in his business, has the advantage. Just today we had to meet a quotation on liners and circles that he made to one of our best butter customers. Somehow or the other he found out all the sizes, etc., this customer was using, then made a special call on him and gave him better prices than ours on liners and circles, in fact there is no figuring by the discount method how he arrived at these prices. Our customer said he thought he just made them as a leader and quoted without any rhyme or reason just to get started.

Now as to Cudahy, I do not see how we could make a contract with them for a year, guaranteeing against any raise in price and giving them the advantage of any decline. That is a one sided contract and is not good business nor satisfactory to us and any other legitimate manufacturer. I believe you will agree with me and I do not see how we could hope to gain much by entering an agreement. I may change my mind later but I have thought it over carefully and my conclusions are as outlined.

I notice Mr. Lovelace wants further advice as to their tonnage this year so here it is.

January	18,373 lbs.	$3,521.20
February	41,276 lbs.	$9,481.20
March	24,033 lbs.	$5,328.46
April	30,298 lbs.	$6,397.36

When I look over these figures it shows that we are pikers compared to what Kalamazoo was getting from this particular house.

EXHIBIT W-88

Blank. May 4, 1928. West Carrollton to Sill Paper Co.

We received your night letter stating that Story has quoted Ehlenberger Company, prices 15¢ lower for the 8 x 9 and 30¢ lower for the 9 x 12. From this it would seem that Story is probably quoting their wholesale prices to Ehlenberger. We wired you to quote Ehlenberger our wholesale prices and confirm this as follows:

200,000 — 8 x 9 — 30 lb. Parchment ptd 1 color — $1.08 per M.
200,000 — 9 x 12 — 30 lb. Parchment ptd 1 color — $1.41 per M.
Terms: 2% ten days net thirty days, f.o.b. mill, less New York freight.

Of course these being our wholesale prices we would not be able to quote Hubbs and Company any trade discount and you will have to work this out as you think best. This Ehlenberger business is nice business and we hope that with the concession made above you can hold them in line.

EXHIBIT P394

House Letter. May 5, 1928. Cox to Cashmore.

Acknowledging your letter of May 3rd relative to Story taking over Armour's Cloverbloom business at the cut price I reported you may be sure I will watch for a similar development with Swift & Company.

I am absolutely certain Gramer would take the matter up with me fully before coming to any arrangement with Story.

EXHIBIT P396

Letter. May 7, 1928. Cox to Cashmore.

Al Grossmith was on long distance from St.Louis a moment ago to tell me that Mr.Osman of the Institute held a meeting in St. Louis recently, at which he named a price from Story on 40 lb. Parchment 13.65 less 2% of course for cash in ten days. Al

went on to tell me that Krey were going to accept this price and give business to Story also that some of the others, such as St. Louis Independent.

Instead of getting you on the phone from here I felt it would be better to let Al talk to you because he had the whole story in his head and could give you the details better direct rather than thru me. Accordingly I instructed Al to call you at your residence this evening and I have no doubt that by the time this reaches you, you will not only have heard from Al but will have acted in the matter.

As I told Mr. Grossmith our present instructions are to stand on our catalogue prices rather than to meet Story's prices when we were sure of them as we had instructions to do early in the year. Accordingly, I explained to Al that we would simply have to ask the St.Louis buyers to delay placing any business until we could get in touch with you in the matter.

As a matter of fact this 13.65 is no lower than we have been understanding Mr.Osman was prepared to give the Institute members. We have been understanding that Mr. Osman was quoting our wholesale less 2½% which on 40 lb. would be exactly the 13.65 price now before us.

EXHIBIT P395

House Letter. May 7, 1928. Gubbins to Cashmore.

We are attaching letter received from Mr.McNulty this morning This has reference to their order No. 544-A which was included in our Chicago car of Wednesday, May 3rd. Calling on Mr. McNulty this morning he stated they had sold these 100M wrappers to the Wieland Dairy Company, Chicago. These people now claim to have a quotation from a Mill of 3¢ per M lower than McNulty's quotation, which was based on our regular resale pricelist. It is McNulty's understanding that Story is the Mill in question.

He wants to know if it would be possible for us to meet this situation, allowing him a cost of 92¢ per M rather than 95¢ per M on this order.

Please advise us your viewpoint and we will be glad to communicate with Mr.McNulty.

EXHIBIT K198

Letter. May 7, 1928. Kindleberger to Dohan.

Enclosed find some correspondence from George Horton. He has been corresponding, you will notice, with the Department of Commerce relative to reports on the importation of Vegetable parchment and greaseproof.

I wonder if it wouldn't be possible to get the Department's reports on Vegetable Parchment separate from greaseproof and imitation, etc., so we will know just about where we are at. If you could bring this to pass, it would help us a whole lot.

You will notice how the Department of Commerce puts out this information on a sheet of paper called "Side Runs of the Paper Trade". If you are not a subscriber to this, it might be a good thing to put your name in the pot for this weekly publication.

EXHIBIT K238

Telegram. May 8, 1928. Dohan to Gordon.

Please wire Mr Southon asking him to wire me whether he can return by way of Philadelphia or NewYork and if so fixing a date and place where I can meet him in either city.

EXHIBIT P397

Letter. May 8, 1928. Cashmore to Cox.

This will acknowledge yours of the 7th in re the long distance telephone call from St. Louis. I received from Al Grossmith during which he reported that Mr. Osman of the Institute had held a meeting in St. Louis in which he impressed the Krey Packing Company and the St. Louis Independent Packing Company of Story's price of 14¢ less 2½% trade discount.

I told Al over the telephone that it would be wise to meet it if it was necessary in order to hold the business of Krey and St. Louis Independent at the same time realizing that we are not being troubled greatly by the large packers for the same concession. It has been our policy, since holding to the 14¢ price, to protect the large business from going to Story and, in instances such as this where valuable customers are on the shelf and threatening to go over, we will meet the situation.

I realize that it is not healthy to do this in view of the fact that the information might spread but we have to keep the A&P business by allowing such a concession and also a few other accounts. Our arrangements with Swift, of course, protect us from any sudden inroads and should Armour or Cudahy become

a factor such as Swift with the possibility of losing that business, we would also meet the Story price on their demand. However, we are holding where we can meeting emergencies in order to protect the tonnage.

It seems to me from the reports I am getting from the trade that Story are more or less active again after a more or less short recess and are endeavoring to cut in wherever they can get a customer's interest on the lower price. I have been thinking these past few days that we are perhaps pursuing the wrong policy in allowing them to lead with price cuts here and there with our following wherever we meet the emergency. It seems to me, as I am sweating now, under the new activity, that the best policy is to do some cutting ourselves, rip the market wide open and give them a battle with the idea of making it short and sweet.

I am giving this thought serious consideration and would be glad to have your opinion or suggestion.

EXHIBIT P400

House Letter. May 8, 928. Grossmith to Cashmore.

I did not make or quote 13.65 price to any Packer here except Krey—for reason none of others were in market. We have 10,000 lbs plain or order for St Louis Ind Pkg Co which I think we will ship in our June 15 St L car and I thought conditions may change by then eventually we will have to make this price to Hill Pkg Co. St Lo Ind Pkg Co. Cox & Gordon Pkg Co and East Side Pkg Co.

EXHIBIT P399

House Letter. May 8, 1928. Grossmith to Cashmore.

In calling today on Mr. Vernan at P. A. Peveley D. Co. I saw actual copy of order he gave today to Rosenthal P. Co. St L. dist of Story Parch. for 100M 3 x 9.30 lb. plain @ 32¢ M which is 2¢ under our wholesale. what figure is PW Packers prices. We have been holding their business on retail base thru Meyer Blake, but will as P. A. told me today have to make them lower prices to hold business.

He will soon be placing an order for 2000 lbs Roll prtd 1 color Red and same amount printed Blue 30 lb. & wants our prices. We will have to clear as before thru Meyer-Blake Co. Kindly advise in next several days price in an to quote to Mr. Cox so he can write & quote Peveley Dairy Co.

EXHIBIT P398

House Letter. May 8, 1928. Al to Cashmore.

Further regards price Inst. of A. M. Pk's were quoting packers in St L or Story Parch. about which we talked over phone 5-7 & you said to meet.

Had a fine interview with Mr. Krey Pres and Mr. W. H. Wahlert. Gen'l Mgr today and we will continue to enjoy their business 100% as in past at same price quoted by Inst which is today 13.65 cwt Less 2% 10 da. Am attaching two orders I got today for 13,000 lbs. at new price and we will have to Invoice the 10,000 lbs. 26 x 40. 40 lb. now on order for May 15. St L car at new price 13.65 cwt.

I also made arrangements for Krey to have local Photographer take photo of their Parchment wrapped items (our expense) & we will run page ad in National Prov. this appealed to them very much.

DFT'S EXHIBIT K174

Letter. May 8, 1928. Greenlee to Southon.

Sorry I did not get to see you today before you left for the Mill, but my entire morning was engaged at the Yards.

No doubt, one of the first letters brought to your attention on your return will be a letter I wrote you under date of May 1st, on the subject of Armour & Co., Chicago, Parchment Butter prices.

Mr. Kindleberger acknowledged this letter under date of May 2nd and stated that you would go into the matter immediately upon your return.

As I told Mr. Kindleberger last evening, if the Story Parchment Co. make money on these ¼ lb. wrappers at 53¢ per M, we should meet it, but that if they lost money at this price, we should not meet it.

From what Mr. Eaton tells me after his talk with you this morning, it may be policy for you to meet this price, not only with Armour & Co., but with others.

I think we have all lost out on the Pacific Coast business on ¼ lb. Butter wrappers, due to the fact that the local printers on the Coast feel that they are making a good profit on printing these ¼ lb. wrappers at a printing price under our list price.

It may be that if you decide to meet this situation, that it will be the means of getting back considerable business you previously had.

We await your early reply.

EXHIBIT K362

Letter. May 9, 1928. Southon to Greenlee.

In response to your letter of the 8th, I seriously question the statement made by Mr. Allen that West Carrollton are allowing him the price governing 117 square inches when the wrappers exceed 120 square inches.

I wish you would leave this matter in abeyance for a few days or at least until I write you on the subject again.

EXHIBIT K363

Letter. May 9, 1928. Southon to Greenlee.

I have just finished reading your letter of April 27th addressed to Mr. Kindleberger and his reply of April 28th.

While it is true that these 2 lb. Lard Liners contain only 202.4 square inches, yet at the same time it is over 200 square inches and should be priced accordingly.

As Mr. Gramer admits, there must be a dividing line somewhere and no matter where we place it, somebody is going to feel that they are penalized.

To go on record that we will price sheets containing over 200 square inches at the 200 square inch price would be a serious mistake and would get us into a lot of trouble because if we did it for one, we certainly ought to do it for all.

It is my suggestion that you accept these orders and price them at 40¢ per M. for printing which we understand is the price that Mr. Gramer wishes to pay but the less you can say about it, the better it will be for all concerned.

When you send the orders in, just mark them "special, per arrangement with Mr. Southon" and we will pass them thru.

I think you know enough about the situation to understand why we do not want a lot of noise made about this.

EXHIBIT K364

Letter. May 9, 1928. Southon to Greenlee.

I have just finished reading your letter of May first, addressed to Mr. Kindleberger and also your letter of May 8th addressed to me relative to the above mentioned subject.

I am going to ask you to leave this matter in abeyance for a few days until after I can see what can be done.

I think by the early part of next week we shall be in a position to tell you definitely what can be done.

EXHIBIT K175

Letter. May 9, 1928. Southon to Fletcher.

I have just received your letter of May first relative to the policy of the Story Parchment Co.

After all the things we have heard about them and reports that come to us from all over the country, we are inclined to believe that they have no policy, in fact, I do not believe they know what the word means.

I know that they are making special prices and giving discounts and that once in awhile you will lose a little business because of it but the amount that you will lose to these people is exceedingly small and you will not be blamed for it.

We know that the price which we are asking is a fair price and we intend to stick to it and would prefer to lose an order once in awhile rather than sell KVP GENUINE Vegetable Parchment below cost.

I am quite sure that you have very little to worry about in the competition that you will receive from the Story people.

EXHIBIT W-89

Letter. May 9, 1928. Orchard to Moyer.

I have heard nothing further from you regarding the price of Parchment for East Side Packing Company since your last letter, in which you stated you wanted further time for investigation.

I cannot see how we can but help give them the price that they would get from the Institute at Chicago. While it is true that they would be given an inside, yet if Independent would come at us for the same proposition we would have to, in their case, quote the same as the Institute to these people. It is unfortunate that these conditions exist. If we do not do it, and with the frame of mind that these fellows are in—that is, about Story bringing down the price for the packers and not getting any business from them in turn—I am sure that we are going to lose what business we are now retaining against all odds.

I, for one, do not want to suggest to you that which you do not care to indorse yourself, but you know conditions as well as I. It is a sure thing that every time we quote a less price on anything that we are handling on the basis on which we are handling Parchment, our margin of profit gets less and less each time. We, ourselves, do not want to do it, but if you expect to retain the business, you will certainly have to do it or else these orders will be sent to Chicago by East Side Packing, because I know

just what kind of fellow he is, and if it is only 1¢ difference on a carload of business, he would give the business to our competitor. We must keep on the same basis with this outfit, until some future time shows a brighter ray of sunshine for every one concerned. Please let me have this authority at once to advise these people that they can have 2½% discount from their invoices.

EXHIBIT K239

Telegram. May 10, 1928. Southon to Dohan.

Can arrange to be in New York or Philadelphia Saturday Please wire

EXHIBIT K240

Telegram. May 10, 1928. Dohan to Southon.

Have arranged meeting ten o clock day light Mc Alpin Hotel New York Next Monday stop Wire at once if not satisfactory

EXHIBIT K241

Telegram. May 10, 1928. Southon to Dohan.

Arrangements are satisfactory will see you Monday

EXHIBIT K242

Letter. May 10, 1928. Southon to Dohan.

This will confirm my telegram of this morning advising you that the arrangements which you have made for a meeting next Monday on the Import situation are satisfactory to me.

I will leave Kalamazoo Sunday noon and will arrive in New York about nine o'clock Monday morning.

EXHIBIT P401

House Letter. May 10, 1928. Jones to Cox.

The last order of above went to Story. The buyer said he had C. P. M. quote, and he got a quotation from Story, and they were lower. He said they have the goods and like the paper, also the service was fine.

EXHIBIT W-92a

Letter. May 10, 1928. Pennington to Stoker.

We are continually following this concern up—on this grade—it's hard to break in as Mr. Starrett knows. The main reason now against giving us some of their tonnage is they get ¼¢ allowance on straight cars from K.V.P. and would not from us unless they

gave us the carload orders—this they are unwilling to do right now. I see the buyer every week and tell him we have another car leaving the Mill in which he may include 4 or 5 tons but this old argument comes up—recently that new outfit in Michigan sold parchment to them at a very low price. I understand they have had trouble with it.

EXHIBIT K176

Letter. May 11, 1928. Greenlee to Southon.

Again referring to your letter of May 9th wherein you state that you think that by the early part of next week, you will be in position to tell us definitely what you can do for Armour & Co. in the way of special printing prices on small size sheets.

The writer spent the entire morning with Mr. Lovelace, Mr. Rickrich, Mr. Grell and Mr. Lang of the Produce Department, getting lined up on the new copy for Cloverbloom and Supreme Butter wrappers.

When you sent this last lot of proofs, you also sent some black and white proofs, and I told Mr. Lovelace this morning that he could now pass these out to our competitors who had been crowding him for them.

Mr. Lovelace stated before all of these other gentlemen that if I met the Story Parchment Co.'s printing price on these small size sheets, that all of the Butter Wrapper business would go to the Story Parchment Co. and ourselves.

This was indeed pleasing to the writer, and I imagine that if we do meet this price, that we will get better than one half the business on account of our better facilities, etc.

As I was leaving Armour & Co., Mr. Lovelace said, "you might just as well get your orders now, for I am leaving right after lunch for Kalamazoo with Mr. Olson of the Sutherland Paper Co. to spend this evening and Saturday there."

Mr. Lovelace gave me several orders, some of which were nice orders.

He showed me an order for the Armour Creameries, Bismarck, N. D., and calling for one million ¼ lb. Cloverbloom Butter wrappers, and asked me if I cared to take it on the new basis; namely, 53¢ per M.

I told Mr. Lovelace that I had no authority to, but that I did expect some definite information early next week.

He said, "I cannot afford to pay you $50.00 more on this order."

I finally told him that I would take the order at this price of

53¢ per M, and that if you would not fill it, I would return it to him Monday, so that he could place the order with the Story Parchment Co.

I am sending you this order in the regular manner and are making a notation thereon that the price is special and to see our letter of even date.

If you cannot see your way clear to accept the order, drop us a line tomorrow, so that we will have it Monday morning.
Mr. Lovelace stated that if he had time he would like to go thru our Mill tomorrow and has agreed to make a special trip sometime during the month of July with the writer.

I think it would be mighty fine if either you or Mr. Kindleberger 'phoned Lou Sutherland to see if he will not bring Mr. Lovelace over to our Mill and spend at least an hour with us, for Mr. Lovelace has no idea of the size of our organization, nor the facilities we have for rendering them service.

You might tell Mr. Kindleberger that while things looked rather blue so far as Armour & Co. were concerned when I spent last Monday evening with him, that things look much brighter there now.

I wrote you last evening about the KVP White Oiled Loin Paper, and I am writing you another letter today on the subject of "40 lb. KVP Natural Color Waxed Paper" which Armour & Co. are going to adopt for several purposes in place of our KVP Amber Waxed paper.

I think making these few concessions to Mr. Lovelace is putting us in stronger with him, and I surely do appreciate the manner in which you are permitting me to meet the situation.
Will you please acknowledge?

EXHIBIT P410

House Letter. May 12, 1928. Cox to Cashmore.

In your letter of May 8th you raise a question of the possibility of a further price reduction in view of Story's inroads with their cut prices.

This to my mind is such a serious thing to consider that I am going to think it over a little more and delay writing my views until Monday. However, I want now to let you know I am giving the matter very serious thought.

EXHIBIT W-90

Letter. May 12, 1928. Starrett to Moyer.

Answering yours of the 5th, the situation at Land O Lakes remains about the same. Mr. Pennington of Grahams has personally been calling on them, as well as myself, but got no where yet. He is now endeavoring to work in with them thro out side influence to pull every string he can, and to see if he cannot reach some one higher up and with a pull.

I saw the buyer Mr. Soli again to day and spent most of the forenoon there. He is very friendly and all that, but no business; and will offer no hope till some thing goes wrong with their present source KVP, or they get a better proposition.
They tried some sheet stock of Story at a price; but now off them at any price.

Graham have the promise of Tilden Produce business. They were very well pleased with the last Note also samples and your comment on Glassine and following up. Also the poultry business in Iowa and will follow up the best I can.

EXHIBIT W-91

Letter. May 14, 1928. West Carrollton to Starrett.

We have your letter of May 12th from St. Paul and note what you say about Land O'Lakes. Our attention was caught particularly by the statement that they had bought some stock from Story at a price but are now off them at any price. Did you hear what the trouble was?

Mr. Moyer is still in the East and we will hold your letter for his attention when he returns about Wednesday.

We have typewritten your route list for the last of May and first week of June and enclose two of the copies herewith for your use.

EXHIBIT W-92

Letter. May 14, 1928. Stoker to Moyer.

We attach herewith a copy of a letter from our Minneapolis people showing that they are following it up the Land O'Lakes Creamery pretty closely. We have instructed them to continue to do it. No doubt, Mr. Starrett has informed you accordingly.

EXHIBIT W-93

Letter. May 15, 1928. Weenick (of Orchard Paper Co.) to Dear Miles (Moyer).

You will recall when you were down here recently the writer talked to you about the price Blanton & Company had on 8 x 11 Parchment. They are still getting this price from Paterson.

I understand now that this is the price made them by Story. Story is willing to take care of their requirements for the balance of the year on this basis. This is the reason Paterson made that price.

They are now ready to place an order for 200,000 sheets 8 x 11 printed. They would like very much to favor us with the order, if we can meet the price. The price, as you know, is 91¢ for the plain paper, pluss the regular printing charges. He is going to hold up this order until we hear from you, so if you are willing to meet this price, wire us not later than Thursday morning.

EXHIBIT K177

Letter. May 16, 1928. Drummond to Christy.

I think we are lucky to get this order, with Story quoting ½ cent a pound under, us delivered, even the Webster Mfg. Co. quoted the same price of 14 cents delivered.

Doc gave me permission to quote the wholesale price delivered same as you made Wescott & Winks.

Our regular printing prices are to apply and last year you allowed a minimum 5M printing price on the odd lots. Be sure about the location of design as is shown on attached samples.

Mr. Belgarde also expects to buy his fill in paper from us at the wholesale price also, Mr Belgard figured there was between 26,000 and 28,000 lbs in the order, I have not figured it.

We will have to step the June car up to June 15th as they want the paper around that time.

P. S. Use regular designs same as last year and put the different name of towns and produce Co's as on orders,

EXHIBIT P404

House Letter. May 16, 1928. Cashmore to Gubbins.

I have your letter of May 7th in re McNulty Paper & Twine Corporation referring to an order included in our Chicago car of May 3rd and which they sold to the Wieland Dairy Company at the prices prevailing according to the acknowledgement and invoice.

I do not see how we can allow their claim for a lower price on this particular invoice because Story had quoted below us as we cannot consider it a policy to reimburse everyone who claims to have received a lower price.

Among our larger customers, we will meet Story where it involves the loss of a large account and and get the tonnage but we cannot meet these one, two and three cent differences in each case nor can we refund after the goods have been sold when reports are received of them being quoted a lower price.

EXHIBIT P402

House Letter. May 16, 1928. Cashmore to Grossmith.

This will acknowledge your letters of May 8th in reference to telephone conversation between us from St. Louis reporting prices prevailing in St. Louis as given by Story.

I have noted your letters in full and have accepted Krey's order at 13.65 which has been so acknowledged. The invoice for 10,000 lb. 26 x 40 — 40 lb. wrappers which we had on order will also be billed at this price. I note that the price as given was only passed on to Krey Packing Company and this is as it should be. We do not want to meet this except in cases of necessity and it would be well to consider each cast on its merits and endeavor to get our regular price before considering passing on this concession. I fear that it will become general if we pass it on too much and the nature of the account must be considered first of all according to the tonnage involved as we do not want to lose our large accounts when they demand the same price as Story's. However, many of them are content to give us the business at our regular price regardless of Story's 2½% under and we would rather stick to that policy for the time being and not pass this on promiscuously. I know you will bear this in mind and should you get jammed at any time, the telephone is always available.

EXHIBIT P403

House Letter. May 16, 1928. Cashmore to Cox.

Mr. Grossmith wrote me on May 8th in re the Rosenthal Paper Company of St. Louis, distributors for Story who have quoted the Pevely Dairy Company on 100,000 3 x 9 — 30 lb. plain paper 32¢ being 2¢ under wholesale. He asked me to advise you how we should quote on 2,000 lb. roll printed one color red. I do not feel that we can go on record as making a blanket commission and shoot up a blind alley with the idea of trying to meet

an unknown Story price so I would suggest that Meyer Blanke quote them regular and sit on the lid and meet the situation if they see fit provided it is considered a large enough account to be worth while.

Our new printing price on these small sizes will not affect the roll printing price and I am inclined to think that if the proper effort is made, they can get the business without giving too great a concession.

EXHIBIT P405

House Letter. May 16, 1928. Smith to Paterson Credit Dept.

Subject Saalfield Paper Co., Cincinnati, Ohio.

The writer called on Mr. Saalfield of the above firm to-day in reference to their complaint of our not allowing them to take two percent from their invoices when the invoice was past due.

I found, on investigating that this firm, whose office is in Covington, Ky and a warehouse at 45 Vine St., Cincinnati, O.

Mr. Saalfield, is, in plain words the whole works. He goes out each day soliciting orders and his young son delivers these orders the following day. They do not have a bookeeping department as all their book work is done evenings by Mr. Saalfield.

This gentlemen puts aside one day of each month, the sixth day, to pay all invoices of the previous month. If it so happens that an invoice is more than ten days old, he takes advantage of the two percent discount.

Mr. Saalfield stated that he was not making as much money on parchment as he formally did as it was necessary for him to compete with a local paper house who was cutting resale prices due to their having an inside price from the new mill.

He, of course, was referring to Whitaker Paper Co also of this city, who, as you know handle Story Parchment.

Mr. Saalfield stated that he could also buy Story Parchment if he so desired and if my firm intended to hold him to his ten days to take the discount he was afraid he would have to change his connections in order to keep what parchment business he has. He referred me to our books which would plainly show that it has only happened not more than three times and he had never gone over the thirty day limit in paying a bill.

He, at the present time has an order at the mill and before returning his check, due to his taking the discount, may I ask that you kindly consider the above report. Thank you.

EXHIBIT P406.

House Letter. May 16, 1928. Cox to Cashmore.

Subject J. G. Cherry Co., St. Paul.

The attached file will be self-explanatory I believe.

You will note that Mr. Johnson in his letter to Cherry is not at all definite in the way of information that there is a better price than 14½¢ being quoted and in view of the fact that we well know that Mr. Johnson is a shrewd trader, it would not be surprising if he actually had no definite knowledge of a lower price being given.

However, there is no telling what Story might offer to one of these good creamery accounts and it is easily possible that their representative who has devoted considerable time to the Twin Cities and Minnesota section may have offered less than wholesale.

In line with this thought you will remember that large inquiry we had from Independence Produce Company, Independence, Iowa, stating in their letter recently that if we had nothing better than 14½¢ per lb. to offer it would be useless for us to go to the trouble and expense of visiting them. In spite of this letter Mr. Gubbins is at Independence today and when he gets back later in the week we will know more of what the situation is there.

EXHIBIT P407.

Letter. May 16, 1928. Cox to J. G. Cherry Co.

Subject North American Creamery Co., Paynesville, Minn.

This will acknowledge receipt of your letter of May 15th and copy of Mr. Johnson's letter of May 10th which you attached. There has been no price reduction by ourselves or the other two established Parchment Mills—KVP and WCP. We have, however, been hearing of a good many price cuts by the Story Parchment Company. The latter do not seem to have a uniform price basis, their pricelists being on the same basis as ours. It seems tho that whenever an opportunity comes to them to quote on anything like a substantial order they quote to suit the occasion and it would not surprise the writer if they have quoted in your section as much as ½¢ per lb. lower than the present wholesale basis

So far as we can check, and you may be sure we are checking just as carefully as it is humanly possible, Story have made but small headway. Here and there they go to the retail trade and secure an order at Wholesale from people who have been buying

at retail from our distributors. Also here and there certain large buyers such as the meat packers in Chicago have given them a little business. These big meat packers consume all the parchment they buy and naturally they consider parchment an expense, and have always welcomed anything in the way of competition, not only on parchment but on a thousand other items in the way of supplies that they require. Accordingly as I have said, they have encouraged this Story competition by giving Story an occasional order.

I am now sending copy of your letter of the 15th, together with copy of Mr. Johnson's letter of the 10th to Passaic for our Company's information and attention and I will pass on to you any reply we may receive in this connection

Incidentally, just before I started to dictate this letter, I was on the phone with Passaic and was informed that a new bracket has been created in our Printing List. Bracket B is divided into two parts the 1st will be up to and including 63 square inches, and the second exceeding 63 square inches up to and including 117 square inches The latter will have the same prices now appearing in Bracket B. I have not the complete details of the new bracket up to and including 63 square inches, but there will be a substantial reduction.

For example, one million quantities will be

One color	12¢
two colors	20¢
three colors	25¢

as against 18¢ 25¢ and 32¢ as formerly.

We sincerely trust you will be able to hold Mr. Johnson in line with our present prices, but if you have any trouble, wont you please try to find out exactly what he may have been quoted and take the matter up further with us, either by telegraph or long distance telephone, charges reversed.

EXHIBIT W-94

Order. May 16, 1928. Chattanooga Paper & Woodenware Co. to West Carrollton.

100 Rolls 9″ 30 lb. 5″ Diameter Parchment, 14½¢ lb. fob Mill, less frt.

If can't allow full frt—don't enter order, as can buy from Story on that basis—Don't come back with "quality" as their paper is OK

EXHIBIT K178

Letter. May 17, 1928. Greenlee to Southon.

American Association of Creamery Butter Manufacturers.

Referring further to your letter of May 12th with reference to the above subject.

I was talking with Mr. Vansant of the Blue Valley Creamery Co. last Tuesday evening relative to this association, and he tells me that they do not belong, and he also tells me that if any firm sells this association on the same basis they sell the Blue Valley Creamery Co., the Blue Valley Creamery Co. will no longer purchase from that concern.

Mr. Vansant also tells me that they haven't placed a dollar's worth of business with the Creamery Package Co. for years, due to the fact that the Creamery Package Co. got to selling these co-operative creamery associations on the same basis they were selling the Blue Valley Creamery Co., meaning that any small member would get the same price as the Blue Valley Creamery Co.

Mr. Vansant says that he is satisfied that if we do sell this association, we will be sorry.

I told him that I knew both Mr. Kindleberger and themselves were adverse to selling the association, but almost felt that we were compelled to.

Mr. Vansant seems to think that we should keep away from them, for it is bound to get us in "bad" with our distributors, etc.

He tells me that representatives from several large firms have called on him within the last two weeks to find out his views on the subject, and when he told them, they refused to sell this association.

Personally, I think that all of the legitimate Parchment manufacturers should refrain from selling this association, and while it is your idea to issue price lists without our name appearing, at the same time it is a delicate matter to let every Tom, Dick and Harry in on the wholesale prices, or at least know what the wholesale prices are, when most of them have been accustomed to paying the retail prices.

Of course, the Story Parchment Co. will be glad to sell this association, but they are already in "bad" with the paper jobbers, and if they sell this association they are likely to get in "bad" with some other trade.

These buying associations do not appear to the writer as being fundamentally sound, and with the Institute of American Meat Packers—another one of these associations—I don't believe Mr. Osman is getting any standard brands for their members.
Mr. Osman has just come out with a special bulletin, notifying all the packers that from now on, the Story Parchment Co. will make no charge for plates. Did we ever make charge for plates, unless for something special? Mr. Osman is trying to make the members believe he has done something big in getting the Story Parchment Co. to waive the plate charges.
Awaiting your reply,

EXHIBIT P429.

Letter. May 17, 1928. Miles to Dear Charles (Moyer to Cashmore).

Had the surprise of my life today, Mr. Goldman General Sales Manager, Director, etc., of the Story Parchment Company, honored us with a visit. As soon as he sat down he started to work out on me. His first statement was, we can't make Parchment at 14¢ per pound, and I do not believe you can. I told him frankly, certainly there is no profit in it for us but we have to meet competition. He then said, well, it is all your fault, you fellows cut the price, etc. I did not say much but called his attention to the fact that even today he is selling right in the Yards at a better price than we are. He came back with, that is all in the way you figure it, we can sell thru a jobber and our manufacturing cost is less. I told him, nevertheless the market is governed by the lowest price at which the customers can buy. We had a bit more conversation and it developed that Frank Mosteller had been over to see him trying to sell Waterleaf and he said that they probably would buy some from him at a later date. He also said they were very much misled as to the tonnage in this business and that he had a Board of Directors, eight in number, five of them very wealthy gentlemen, but they did not understand the paper game and he had a hard time trying to hold them in line. I gathered from this that possibly these wealthy directors in their company wanted to throw more money in the proposition, go in and cut the Parchment prices until all the old time manufacturers had died off.
I sized this fellow up as well as I could. I am inclined to think he is shifty and there might be something back of his visit that I did not get, but I do believe he would like to get under the

umbrella, but not me, I do not want to hold it over him. I also believe from further remarks he made they are having considerable dissension and trouble in their organization. What conclusion do you draw from his visit?

Just a little more of this gentleman's conversation. As I recall it now he seemed to blame most of the reduced price trouble on Paterson Parchment Paper Company, intimating in a sort of underhand way that I did not know what these people were doing, that they were the ones that cut the price and they only had to meet it. He said furthermore, they had come into Eastern markets hard and knew more about conditions that I did, so I just let him rave on. Did not see any reason why I should tell him anything.

The idea, this fellow coming in and accusing us of cutting prices and here they have sent a letter to the trade saying they were the ones that brought competition into the business and reduced prices. Frankly, from his talk I am inclined to think he is not of much force.

DFT'S EXHIBIT S15

Letter. May 17, 1928. Story Parchment Co. to Hubbs & Corning Co.

Referring to your letter of May 14th, we wish to advise that the sample enclosed with your letter is not Vegetable Parchment but an imitation, and consequently is the reason for our price appearing to be out of line. The waste that we have been trimming for special sizes makes it necessary to quote on the basis of the next largest sized sheet in our book. This would take the 9 x 13 price.

We take this opportunity to enclose our corrected price list. The price of Parchment has been pounded down by the other Parchment companies with the intention of embarrassing us. However, while we have been able to sustain ourselves adequately, we cannot do what we had intended to do in the matter of commissions to the paper merchant. We are allowing a special discount of 2½% on the enclosed wholesale list to the paper merchants who have cooperated with us. Please understand that no one else in Baltimore is getting this discount.

We have been responsible for a larger margin between the wholesale and retail price than has heretofore existed in the Parchment industry, and while the paper merchants as a whole have not responded to our hope that they would distribute our product adequately, we, nevertheless, have done him a great service in

this respect and merit his support. With this additional 2½% discount, we hope that you will begin an active and intensive campaign in connection with the selling of Vegetable Parchment. It may be that we will have a representative permanently located in the East. It is our present intention to have Mr. J. J. Levy call upon the jobbing trade, and also on such consumers' trade that the jobber does not handle.

We are being forced to use the same selling plan as the other Parchment companies are using, and approach such trade directly.

EXHIBIT W-95

Letter. May 17, 1928. Moyer to Graham Paper Co.

Replying to your letter of May 14th with reference to a letter from your Minneapolis people regarding the Land O'Lakes Creamery. I have read this over carefully but I am not discouraged. I believe if your Mr. Pennington and our Mr. Starrett keep pounding these people, eventually we are going to get some of the tonnage. Furthermore, I doubt very much that they are getting the ¼¢ allowance they advise unless orders are placed in carload quantities. However, have Mr. Pennington dig in as hard as he can and if he gets absolute proof that a competitor (I do not mean Story) is giving them ¼¢ off we will consider meeting the competition. For your information Story certainly got in bad with the Land O'Lakes Creamery, also in a number of other places, at least so we have been informed.

EXHIBIT W-96

Letter. May 17, 1928. Moyer to Moody.

After writing the last letter on Cudahy contract proposition I have got a new slant on the subject. Just a few minutes ago Mr. Goldman of the Story Parchment Company came in to see me. Apparently this gentleman is very much worried. He said, we had been misled as to the tonnage in this business, there is nowhere near the Parchment used we thought there was. Furthermore, we can't break even making Parchment for 14¢ and I guess to sum the whole matter up he is looking for some way out. Naturally I can't help this gentleman and I do not know why he should come to me. In the short time he was here I tried to size him up but am not sure whether I got his measure or not. He had the appearance to me of a "Jewish Gentleman" that might be a trifle shifty or in other words a man who might sidestep certain questions. Don't want to misjudge this man and I do not want you to repeat what I said here but there is

something peculiar, either they are in desperate straits or else he is trying to put over a fast one, thinking that I would be easy enough to fall for whatever he might say, in fact as I think it over now the whole proposition amuses me. He came in accusing not only us, but our competitors, of cutting the price. He said, you fellows have cut the price twice in a few months, of course we had to meet it. Now both you and I know that they cut the price. Furthermore, they have written to the trade calling attention to this reduction in the price of Parchment and taking all the credit unto themselves. Now he comes around and accuses us of doing it. To sum it up I gather they are having trouble on Waterleaf, and getting sufficient tonnage to run their mill steadily and on top of this can't make any profit selling Parchment at today's price, especially in view of the cost of their raw material. I told him so far as not making any money he had nothing on us, we can't make money selling Parchment for 14¢, neither can anyone else. Mr. Goldman said he was on his way to the Races in Kentucky and might possibly stop off to see me on his way back. I am telling you this because I am just wondering if it might not be possible that Cudahy and the other packers are beginning to think that Story can't keep this pace up for the balance of the year. They may suspect that he will have to quit business or do something of that like. I do not know, they may be here and doing business after we are gone but there is certainly something peculiar about his call on me today and I haven't figured it out.

EXHIBIT P409

Letter. May 18, 1928. Chace to Mayer.

Having an engagement in Boston to-night. I am writing from Boston.

I have just left Mr. Blake of the Fort Hill Paper Co. He told me that the treasurer of the Story P P Co was in town last Wednesday and quoted them a 2½% Discount. He also called at Stimpsons but Mr Loud would not admit that he had received any special price.

Story's man told Mr. Blake that they were all losing money at present prices and he did not see how we were going to get the price back without the Federal Trade Com. getting after us all. He said they were in business to stay altho they and KVP were losing money but he thought we (PPP Co) were in the best

position. He also claimed that we were selling at 14½¢ a month before they dropped their price. This was around Chicago and evidently he had in mind the meat packers—

EXHIBIT P408

Letter. May 18, 1928. Cashmore to Cox.

I have your letter of May 16th in re J. G. Cherry Company of St. Paul and attaching correspondence with Mr. Hoeltje and Cherry's correspondence with the North American Creamery. It is without doubt concerning a cut price made by Story who are always shooting blindly with any old price at all.

In the case of the North American Creamery it would be wise to instruct Mr. Hoeltje not to let the business go if he is sure they have a bone fide cut price from anyone.

I am glad to read that Mr. Gubbins has gone to Independence on the Independence Produce Company and trust that he may be successful in holding the business at something like a reasonable basis. The character of this particular order is a very difficult one to quote on and we could not foretell any cut price or pooling of orders to give a better figure than is regular.

With the North American Creamery, who are larger users, it is a different proposition and we can work with Mr. Hoeltje in order to save their business.

EXHIBIT W-97

Letter. May 18, 1928. Starrett, Jr. to Roddy.

With further reference to Land O'Lakes Mr. Soli told me he bought about $100.00 worth of sheet stock from Story to try out and at a price, and sent it to a local printer, but the printer, said he could not handle it on the presses on account of the texture. So Soli said they were thro with Story.

On the other hand Mr. Pennington of Graham who knows the printer mentioned above, said the printer told him that Goldberg called on him after he could not print the stock and offered the printer ½¢ per lb. extra to print story parchment for Land O'Lakes. and that the printer asked to have it in writing to which Goldberg agreed, when he got back to Trenton, but the printer never heard any more from Story.

Pennington says some of the paper is still up on the floor at the printers.

EXHIBIT W-97½

Letter. May 18, 1928. Moyer to Moody.

Several times you have had up with me the subject of American Association Creamery Butter Manufacturers. Think you have called on these people and probably quoted them. However, I wish you would let me know by return mail just what you have done. Think there is something peculiar about this outfit. I happen to know that one of our leading competitors quoted them the wholesale price but in the last day or two have withdrawn their quotation and will either quote retail or not at all. It seems a number of the large creameries are opposed to this outfit and claim if manufacturers are going to quote them wholesale prices they will discontinue the purchase of their wrappers from present sources. I haven't this subject clear but expect to know more about it in the next few days and it runs in my mind that you did not seem very well satisfied with the outlook. I think you said, it might turn into another Institute buying proposition.

I gather the main objection to this is that small creameries who now pay retail would be able to make their purchases at the wholesale price. If you haven't quoted them don't do so until we can get to the bottom of this matter.

You know I wrote you yesterday advising that Mr. Goldman of the Story Parchment Company had called on us. Now I have another surprise, there is something surely wrong in Trenton. Their superintendent is making the rounds of other Parchment mills trying to get a job, making the statement that he can't stay there much longer. The picture he paints is laughable. While I do not believe it at this early date, still I have just received an opinion of one party close to them that it looks like a bust-up is close at hand. It may be some of the Chicago buyers know more about this situation than we do and that is the reason they are so keen to contract. The longer this goes on the more I do not think we want to make a written contract at today's price for the balance of the year. Of course I know that our competitors have verbally agreed or made some kind of a proposition there would be no advance in price this year.

Conditions are very much up in the air and wish you would watch your step closely.

EXHIBIT P412

House Letter. May 19, 1928. Repine to Mayer.

Subject Story Parchment Co.

Writer thought that at Detroit some interesting information might be picked up in regard to Story. There was, however, very little of a definite nature.

Mr. Harwood said that he understood they had recently sold 3 cars to meat packers in the West but he did not know the facts. He said one was a name like Hornell or some such name. I thot possibly Morrell might be the firm about which he had heard.

They are selling Detroit Creamery and Arctic Dairy Products Co. at Detroit, I wrote a house letter covering Shedd Creamery Co. which if you have not seen you may like to look up. I did not see Earl Shedd as he is not spending his time around the plant any longer and Mr. Shulman of Hammond-Standish & Co. was away. From these two sources I had hoped to secure some definite facts. All the other parties with whom I talked were able to give just generalities, i.e. that they understood they were working full capacity at Trenton and had booked more business than they had expected when they started. I also heard that they were planning to place a grease-proof on the market later. As they have no paper manufacturing equipment, this would mean either that they expect to install this in the future or to purchase and market a grease-proof.

From other parts of Michigan or Ohio I have heard nothing further recently except of their existance and solicitation of business.

Arnold has just advised me of their contract for Armour's Clover-bloom quarter pounds. They are selling below us at Detroit Creamery and Arctic I am told but the price was not learned. A side-walk delivery is also made.

Mr. Pratt informed me that you had been confined to your home with the grippe. Am glad to know that you are about again and trust that your usual good health will return quickly. That usually take a lot out of one and necessitates caution for some time.

EXHIBIT P411

Letter. May 19, 1928. Cox to Cashmore.

Referring back to your recent letter asking for an expression from me on your thought of meeting Story Parchment Company's stand by substantially reducing prices and thus making the battle short and sweet.

When I learned early in the week that you had met in New York to discuss the cut price situation I realized that any letter from me was too late for that event and so I continued thinking the matter over.

After doing all this thinking and considering I find myself with the same thought that I had in the first place; it seemed to me that a further substantial price reduction would cost us proportionately more than it would Story because of our larger volume and I could not help thinking that when the battle was over the parchment industry might have great difficulty getting prices up again. As an example this establishing an extra printing bracket up to and including 63 square inches looks to me to be a fixture now with the result that on such an important item as quarter pound printed wrappers we are to net substantially lower than in the past.

Then I am not so sure that we have a cost much lower than Storys They know exactly what their waterleaf costs them and I am thinking their cost may be no higher than ours, considering our comparatively huge plant investment. It seems to me that our plant investment is substantially out of line with our output which would make our waterleaf cost higher than it would be if we were getting a commensurate output.

If therefore, our cost is no lower than Story's, a knock down and drag out price war would simply resolve itself into who would be the first to run short of money, and granting that Story has not any too much money, we and the two other established Mills probably would undergo terrible losses before Story made overtures for peace.

Of course you at the Mill, particularly with your contact with the rest of the industry are better able to judge how a price war might result, still I cannot help but feel that if we were to get together with the money people back of Story, and talk the price situation over, something might be developed that would make unnecessary doing business at cost or less. It seems to me such an effort should be made before taking more extreme measures.

In your letter of May 16th, with which you sent me new printing prices 63 square inches and under, I was tremendously interested in your information that Ezra Levin is reported as being sidetracked because of Story's dissatisfaction with Levin's Price-cutting tactics. This along with your understanding that Tommy Koch is reported to have made overtures makes me feel that a

turn for the better is in sight. I am going to make it my business on Monday if possible to appear at Armour's at noon, at which time Tommy Koch is always there taking luncheon. If Tommy shows the friendly attitude he has always shown to me, perhaps I can arrange to have an impromptu meeting with him, at which he may open up a little. I will advise you of course immediately of anything that might take place at such a meeting.

EXHIBIT W-98

Letter. May 19, 1928. Moody to Moyer.

I had to wait an hour yesterday at Armours out in lobby while Tom Koch talked to Lovelace — When Koch came out—"I said"—"Great Heavens Tom you must have covered entire economic—political and financial situation while in there—next time I going to bring an air cushion to sit on—etc"—Koch said—"I dont know whether it is good ethics or not—but I am going to tell you one of things was talking about that kept me so long—Lovelace wanted me to agree that in case they decide to use a decorated all overprinted sheet—that we would not charge them extra for the decorations I refused to do it—I am telling you this—so if he tells you—I agreed not to charge extra for it—you will know he is lying."

I took Lovelace to dinner—as it was 12.30 by that time—I left Lovelace at 2 PM and reached Swifts at ten after 2 o'clock—Well here was Koch again—I said "Well! how's this—how is it you are so late to-day?" Koch said—"I just get back from Detroit—and my first call was at Armour's—then I went out to McCabe Box Co—a new box company I am interested in"—I said Box Co? What is it paper boxes?"—"no regular wood box factory—just starting—and it is going to be a gold mine." [I know McCabe—and know what the proposition is] I said—"Well its no wonder you decided not to build that new home of yours right now—put your money in a box factory eh?" Koch said—"Yes that is partly the reason why I decided not to build—still there are other reasons"—I said—"You are a fox—not depending entirely on the parchment venture for your future—are you?" Koch replied—"Charley—I may have been a dam fool many a time in my life—but I dont believe I ever was—a G—D—fool!"—I replied—"Tom—you know you volunteered the information to me couple weeks ago that you had been offered the sales managers job for Storey—you know I am not nosey—you brought the matter up yourself—so I am going to ask you

a pertinent question—if it is none of my biz—tell me to go to H—— Did you accept the job when you were down at Detroit—yesterday"—Koch replied "The matter is not settled—I havent made up my mind—they are now offering me the General Manager's job—in other words—full charge of entire sales and factory—[Get that—you know what that means—it means that Storey is sick of Ezra Levin] well to return to the conversation with Koch—Koch said—"I think Mr. Kindleberger knows me but Mr. Moyer and "Mr. Brunner" do not still I think if I took charge—that the industry would feel there was somebody at the head—that would Keeps things from running wild like they have—and would get the biz down to a more stable basis—you know Charley—that if we could all have a little conversation once and a while a lot of rough edges could be straightened out—and we could then keep these packers from making a lot of dam fools out of us." I thought conversation had gone far enough—so I simply replied—"Well I am only a peddler—you are getting in beyond my depth—I cant converse along such lines—but I am certainly glad to hear of the opportunity you have to land a big job—wish you luck etc etc—and that ended the interview—and incidentally there will be no more interviews—as cannot continue along such lines—as might give him an idea we were worried and interested—I gave up nothing was just a good listener—let him talk as he likes to do—

The above reports fits in with your letters of 17 and 18th—evidently Storey is badly disorganized—But—here is important—Point—lets not kid ourselves—that they are not going to continue in biz—lets keep prepared for war—

EXHIBIT W-99

Letter. May 19, 1928. Moody to Moyer.

Amer Assa Creamery Butter Manufacturers is an association of 400 Creameries—includes Armour Creameries—Swift—Wilson and Cudahy—also Beatrice—Beatrice seems to be behind the proposition strong—Blue Valley does not belong. one of the main objects of this association is to centralize the buying of all supplies at Chgo office—the buyer's name is Jensen formerly of Mutual Creameries—Salt Lake City—Jensen will act as buyer same as Osman is doing for the Institute—Armour asked if we were making any Creameries—same price as was making Armour—gave Armour list of Creameries getting wholesale prices—cautioned Armour and other packers not to divulge

their prices—meeting was held with representatives present from all Big Four Packers—they did not and will not divulge prices they are getting. All of our competitors quoted this buyer Jensen—Kalamazoo and Patterson quoted jobbers prices and so did I after consulting with you—Storey made Jensen a proposition of 2½% discount from jobbers list—I have called on this party three times—the last time was day before yesterday—simply keeping in touch so could watch developments Jensen says not ready to function yet—on parchment—

This is a serious situation—as we discussed it when saw you last week—it will demoralize the entire creamery buying proposition it will mean that we will eventually be quoting every Tom Dick and Harry in the creamery biz—wholesale prices—I dont know how you going to handle the proposition—if you withdraw your prices—and association starts to function—as a large buyer of parchment—then you have left the field open to Storey to get all the biz.

We are going to be up against associations of this kind from now on—all along the line—in every kind of biz—and will probably have to change our entire method of merchandising.

EXHIBIT P413

Letter. May 20, 1928. Chace to Mayer.

This is supplementing my letter of the 18th about the treasurer of the above being in Boston last Wednesday. I believe his name is Goldstein. He advised that their Mr. Stern would be here shortly for a week.

Mr. Blake gave me all of the following information. That while they, Story, are not making any money they are doing a nice business. He had samples of ours, KVP's and their own parchment showing the tests they had put the paper to and how much stronger and better parchmentized their sheet was then ours or KVP's. He also had samples of printing, which he claimed were better than anything on the market. He also had a gold ink. They also are making Art parchments.

In regard to the price war, he said that the reason they lowered the price March 1st was that they found that KVP and ourselves had been selling around Chicago for a month at a lower price than 15 and 15½. Mr. Blake of Fort Hill said he knew this was so as he had a friend with Morris & Co and knew they bought

our parchment cheaper than they did. I explained this matter to Mr. Blake also about the letters that the Institute of Meat Packers sent out.
Said they would like to get the price back but did not see how it was to be done with out running up against the Federal Trade Com. Also told Mr. Blake that one of the KVP men had been in to see him about this matter but they had not given him any encouragement.
In regard to KVP carload shipments this was a plan whereby they hoped to be able to save some of the 98 cent freight rate they had into Boston. The last I heard was that it had fallen thru as they could not get enough volume to make it work.

EXHIBIT K179
Letter. May 21, 1928. Greenlee to Southon.
Mr. Lovelace of Armour & Co. tells me that if we will now get our printing prices down on Ham and Bacon Wrappers, they would then feel that our prices as a whole were in line with what they should be.
Mr. Lovelace told me that he was now convinced that Genuine Vegetable Parchment could be printed just as fast and just as cheap as Greaseproof Paper, and said he had this from one who knew.
He finally told me that Mr. Koch had at one time represented the Hartford City Paper Co., and was posted on Greaseproof printing prices, and now he was with the Story Parchment Co. he was also posted on Parchment printing prices, and it was Mr. Koch who told Mr. Lovelace that Parchment printing prices should be as low as Greaseproof printing prices.
I told Mr. Lovelace I was merely a salesman, and that I was not qualified as a printing cost expert.
He said that Mr. Koch told him that at the Story Parchment Co. plant they ran these Ham Wrappers through the presses five sheets at a time.
I told Mr. Lovelace I had seen two sheets go through the press at a time, but just one of them had any ink on it.
Mr. Koch has undoubtedly tried to make Mr. Lovelace believe that the Story Parchment Co. had up-to-date presses, and that five sheets are imprinted at the same time.
What I don't know about printing, would fill volumes, but I am inclined to believe that when Mr. Koch saw his people printing Parchment Ham Wrappers, he saw the five sheets that came

through the press individually on the jogger, and then dropped to the Laybuoy, and thought that these five sheets came through the press at the same time.

Now, it may be that I am wrong, but I have always told Mr. Lovelace and everyone who asked me, that you couldn't print Genuine Vegetable Parchment as fast as you could Greaseproof Paper, due to the fact that the ink does not soak into the sheet, but that it oxidizes on the sheet, and that you had to run your presses slower, or the surplus ink on the wrappers would cause the sheets to stick together and offset.

Of course, we know that around any printing press there is a lot of waste, and the Genuine Vegetable Parchment waste is a total loss; whereas, with Greaseproof paper, it can be reclaimed. I think Mr. Lovelace is trying to get the Parchment printing prices for Ham and Bacon Wrappers down to the same basis as the Greaseproof printing prices, and he is not alone in this, as Swift & Co. and Wilson & Co. have also questioned the higher printing prices on Genuine Vegetable Parchment.

Are our present printing prices on Genuine Vegetable Parchment—that is, the printing prices for Ham and Bacon Wrappers—as low as we can go, and are there any arguments that you can put forth, which will convince these buyers that our printing prices on these larger sheets are fair and reasonable?

Awaiting your reply,

EXHIBIT P414

Letter. May 21, 1928. Cashmore to Cox.

I have your letter of the 19th outlining your thoughts in reference to a price reduction of which I was doing some thinking as outlined in my letter of May 8th.

Judging from what we hear in the trade of Story I have somewhat changed my mind and think that our best policy is that which is now being followed. I fear that the reaction from the trade of any radical price reduction would be unfavorable and we would be accused of trying to put someone out of business whereas now, I find that the trade are more or less reconciled to Story and know far more than we suspect them of knowing of Story's tactics and are reacting accordingly to them.

The trade is going to encourage further competition with the belief that it will mean lower prices for parchment but, on the other hand, many of the larger customers are reacting favorably

toward us knowing the circumstances and are inclined to favor us with the cream of the business regardless of the slightly lower price they may get somewhere else.
We will have exceptions to this right along each of which must be judged on its own merits so for the time being we will follow our regular policy of meeting the situation where it arises and where the business resulting warrants, and allow them to get that business which is more or less difficult to handle and rather remote on which there is considerable expense and trouble and about which it is not worth while to battle.
I fully agree with your outlook and thank you for your letter.

EXHIBIT P430
Letter. May 21, 1928. Cashmore to Moyer
Was very much interested in your note of the 17th. I think the real motive back of the visit you received was an effort to get information as to just how you and the rest of us stood on the present market for parchment as well as to try to create some dissention within our ranks so as to aid them in any possible further inroads upon us.
This same party visited Boston a short time ago and made some of the same remarks as made to you stating that KVP were price-cutters so you can readily see that they are using which ever Company suits them best in trying to impress the trade as to who is to blame. In the East, they will say that KVP are and in the West they will say we are. You are fortunate in being out of it and they may be trying to get under your umbrella.
Frankly, I think we are on the right road and, if continued, will bear the proper fruit. Only today I turned down an order from New York in which they quoted 1¢ below wholesale to an account which we had been selling retail for years, they evidently dropping the differential in their endeavor to get this business. How can they say that we are cutting when we are doing such things as this right along.
I think too he is trying to find out whether or not we are losing money at the present Market.

EXHIBIT W-100
Letter. May 21, 1928. Moody to Moyer.
Here is the latest development—Lovelace Armour's buyer—informed me to-day that he had orders for 17000 lbs printed

meat wrappers—that he was going to place this biz—at greaseproof printing prices—Says he knows parchment can be printed as cheap as greaseproof—and he is going to get this lot printed at greaseproof prices—He did not state that Storey had agreed to take order on that basis in fact—just said biz would be placed last of this week—

Said had been told that parchment industry—had sent their printing price lists to greaseproof people and tried to get them to raise their printing prices to same basis—said Parchment could be printed as cheap as greaseproof—etc—

Better find out what is going to be done if anything and advise me by return mail what to say to this party.

I of course gave him the argument we gave Swift when they made campaign to change printing prices. but he claims that that is bunk. Stated "here you are all set to get Armour's Bacon biz and increased tonnage on ham biz and you are standing in your own light—account of excessive printing prices.

EXHIBIT W-101

Letter. May 21, 1928. Moody to Moyer.

Cox of Patterson—Coyle of Rhinelander and myself waiting at Armours to-day to see Lovelace—Koch of Storey comes in—bringing with him party named Cuyler—introduces him as his new assistant—Dunlaps Storey has hired Cuyler—who has been with Armour for several years—last few years with Armour in New York—has good front—about 40 years old and judging from number of Armour employees that came up and greeted him [been away in East for several years] is popular. Koch explained to Cox and I that Cuyler would help him in Chgo—that he [Koch] had decided to give the sales manager job a trial—and was going to try to handle the job by spending two to three days a week at the mill—that Cuyler would take care of trade in Chgo in his absence—Koch later told me that if found could not handle job from Chgo by going to mill few days each week—then he might have to move to Detroit permanently—Was going to give it a six weeks trial from Chgo. without moving—said he could have either the sales mgr or the general mgr's job—that they had no one in full charge—said Goldman was doing part of it—and Levin was doing part of it—that Levin was unsuited for anything but an operative job—said present arrange-

ment at mill unsatisfactory—said thought he could get them lined up to handle sales—so that would not be running wild as they are doing now—

When you are reading these reports—please remember I am only listening—with probably a question here and there—to keep conversation going—also that these conversations are not being held in a prominent place—that I am not talking about this party or this company to any buyers. In other words am not giving Storey any prominence.

EXHIBIT W-113

Letter. May 21, 1928. West Carrollton to Gentlemen.

We have reduced printing prices on Parchment sheets up to and including 63 square inches. This makes it necessary to add another panel to our printing price list and you will find this panel on the attached sheet. This sheet is numbered 16-½ and is to be inserted between Pages 16 and 17 of our wholesale price list which you already have. When you do this kindly change the heading of the first panel on Page 17 to read "Sizes 64 square inches up to 117 square inches. Also please make this same change on the headings of the printing prices shown on Page 7-9 and 10 of our wholesale price list.

EXHIBIT W-102

Letter. May 21, 1928. Moyer to Moody.

I have your mail of the 19th and enjoyed reading over your conversation with Mr. Koch. We are not fooling ourselves a bit and are working right along with the supposition that Story is going to make Parchment indefinitely. Nevertheless, they are having trouble and plenty of it. Suppose Koch does go up to Detroit, he can't run the plant and take care of the business in Chicago. In my opinion they can't get a better man in Chicago and consequently I believe they will leave him there. If he does go to Detroit to me it would look like a desperate move on their part and I am just wondering how much actual manufacturing and managing experience this gentleman has had. There is something to running a plant more than just having the title. So keep me advised of anything you learn as I want to keep my fingers as closely on the situation as possible. If Koch brings the conversation up again it might be well to suggest that a step in the right direction would be for them to bring their prices up to our's rather than have us to come down to

their's as we have been doing lately. That would be one way for them to get a little more money right off the bat for their output.

Your letter on the American Association Creamery Butter Manufacturers has a lot of good dope. Since writing you on this proposition I have been thinking it over and it may be a fact that it is hurting from some source or the other several of our big competitors, but so far as we are concerned if there is no objection from your customers in Chicago I can't see that we have to lose and I rather suspect that Blue Valley is the one kicking about this proposition, but since they give us no business why should we worry. Of course, I think it means just this, if the Association starts to function it is goodbye to all retail prices and as I size the situation up Kalamazoo has Land O'Lakes Creamery, which is the one big association, and on the other hand Paterson evidently has National Dairy and so far as we know A. & P., so I don't see why you shouldn't play along with this new association. It may be our chance to close in so keep your ear close to the ground and work along keeping me advised from time to time as to your opinion on the proposition and anything else that may prove of value in guiding our future action along this line.

Mr. Roddy wrote Friebe last week with reference to the Poultry Wrappers for Cedar Rapids car. In the meantime you keep right on working them through their Chicago office. We have notified Mr. Starrett, who called on these people heretofore, that we think it best for you to look after this account since you are on the ground and can see them practically anytime on a few minutes notice.

EXHIBIT P415

Letter. May 22, 1928. Mayer to Repine.

This will acknowledge your interesting report on the Story Parchment Company giving information picked up while you were in Detroit last week.

We have heard in a round about way that the Institute of American Meat Packers have placed a carload order with the Story people, but we have not heard that three cars were placed with them. The name that you mention, Hornell, is undoubtedly the Geo. A. Hormel Company of Austin, Minn.

We rather think the rumor regarding their going into the grease-proof business is very much exaggerated as it is necessary to have quite an expensive equipment to make grease-proof, and competition is greater than it is in parchment paper.
Mr. Chace reports that Mr. Goldman, Treasurer of the Story Parchment Company, called on some of our trade in Boston and told them they are not making any money selling Parchment at 14-½¢ and are blaming Kalamazoo and ourselves for cutting prices. Of course, this is not true as you know our prices were firm when the price was 16-½¢. When Story entered the field the first thing they did was to drop to 15-½¢ in January and dropped another cent in March making it 14-½¢. Our guess is that it wont be very long before the stockholders will begin to complain about their company's inability to pay dividends.
Keep us posted on any information you may get from this source. It is important for us to know at all times the latest moves on their part.

EXHIBIT S6

Letter. May 23, 1928. Kroger Grocery & Baking Co. to Story Parchment Co.

We are in receipt of a revised price on the printing on parchment wrappers and we note that there has been a reduction of 6¢ per thousand on quarter pound wraps. We therefore ask that you send us revised prices on the contract you now have on hand. Believe that you should have notified us on these reductions instead of our having to write you first.

EXHIBIT W-103

Letter. May 23, 1928. Moyer to Moody.

I have your letter of yesterday with reference to prices for printing Parchment paper about which, as I gather from your letter, Mr. Lovelace knows more than people who have spent a lifetime in the business. So far as we are concerned Mr. Lovelace can buy his printing wherever he sees best but whenever we have a change in printing prices it is passed on to you immediately, so as the matter now stands you have no better prices than those listed in our price book. So far as this gentleman's claim that he knows Parchment can be printed as cheaply as greaseproof, possibly he is right. I wonder if he knows whether or not grease-proof people make any money on their printing. The writer or no member of our organization, so far as I know, is acquainted

with any greaseproof people and we most certainly never have sent our price list or had any conversation or correspondence with any greaseproof people on this printing subject. So far as his statement that we are all set to get Armour's Bacon business and increased tonnage on Ham, this don't line up with recent reports you have sent us on the same subject and so far as that goes we are all set at any time to receive orders either printed or plain from anyone who is in need of our product. I am getting my fill of statements made by "smart alecks" who know or learn more over night about a business than people who have spent a lifetime trying to make a product that is good and satisfactory.

Should I learn anything about competitors making a better price we will let you know. However, at present this does not apply to the prices made by Story.

EXHIBIT P416

Letter. May 24, 1928. Mayer to Chace.

We have your interesting letters of May 18th and May 20th in reference to the information you gathered during your visit with Mr. Blake of the Fort Hill Paper Company regarding the Story Parchment Company. The name of the Treasurer of the Story Parchment Company is Goldman and not Goldstein. We are wondering if Mr. Blake has taken him seriously regarding the tests of the Parchments made by the four different concerns, also whether he is interested in the inducement of 2½% discount. I take it from your letter that he is not because you do not state that he is contemplating placing any business with Story.

It is interesting to note that we are supposed to be the only one making money during this price war. We only wish it were true. However, it is good psychology, and let them think it is so.

Mr. Goldman, as well as Mr. Blake, is mistaken in believing that we had a price of 14-½¢ per pound in Chicago a month before the formal reduction of 1¢ effective on March 9th. The fact is it was just the reverse and it was Story who quoted the pork packers thru the Institute 14-½¢, and when we learned this on March 9th we reduced our price. So Mr. Blake's friend with Morris & Company was misinformed.

In reference to the gold ink that Story claim to have for printing on Parchment Paper, we would like very much to have a sample of their printing with gold ink, if it is possible for you to obtain

this for us, also a sample of their Art Parchment. We have heard before that they are making an Art Parchment and have seen samples. They do not compare with our Art Parchments at all, and we have no fear of their taking any of our Art Parchment accounts.

In the past years we had 40 samples of gold ink submitted to us, and since gold ink is of necessity made from a metallic base heavily saturated with varnish it is next to impossible to print on Parchment Paper successfully as the Parchment does not absorb the varnish sufficiently to hold the gold color. The result is that you get a very poor printing job with the possibilities of the gold rubbing off. Gold inks can be successfully printed on papers that will absorb this varnish.

We are very much interested in the last paragraph of your letter of May 20th which states that Kalamazoo have not been able to realize their ambition in making up pool cars for shipment into Boston.

We are very glad to get these newsie letters, and do not hesitate to write us any time you have information regarding our competitors.

EXHIBIT S20

Letter. May 24, 1928. Hubbs & Corning Co. to Story Parchment Co.

We received your letter of the 17th, and it is not clear in our minds as to whether you are withdrawing the 5% we have always had, and only allowing us 2½%, or are you going to give us 2½% in addition to the 5%.

Please advise,

EXHIBIT K180

Letter. May 24, 1928. Greenlee to Kindleberger.

Mr. Koch informs me that he is going to spend every Friday and Saturday at the mill, trying to assist Mr. Levin in straightening things out, and getting the business on a better basis.

Mr. Koch has employed an assistant by the name of Mr. Cuyler, who has been connected with Armour's Produce Department for several years, and he will call on the big packers every Friday, the day Mr. Koch is at the mill.

Thought you might like to have this information.

EXHIBIT P431

Letter. May 25, 1928. Moyer to Cashmore.

Have a little more information on the Story Parchment outfit today and know what their printing equipment is. It consists of one flat bed Miehle, and right here is the answer to that Rath sheet they printed with the ear of corn, they did it on their own flat bed. They also have one Kidder Roll Press which prints rolls only and one adjustable Miesel that prints in sheets, it is a fly delivery but no jogger. All the above equipment is secondhanded and more or less dilapidated so you can easily see they are in no position to turn out any great quantity of printing and in fact, I don't believe they could turn out very good work especially if crowded. Last Monday all three presses were down although they were putting a job on one at that time. My information further states that while their parchmentizing machine looked alright they were making paper in short pieces, in other words the paper was breaking continually on the machine and the rolls that came off it were just terrible to behold. Seems they were trying to slit and rewind this sheet in the same operation, their slitters are in very poor condition and this makes uneven edges and tear-outs. All in all the report of their condition sounds as if they certainly needed someone to straighten them out. The party who informed me of this states they had two felts on their machine. I knew this but he said for some unknown reason to him they were only using the top felt, the bottom one was slackened up and seemed to be hanging down under the machine, torn and in a very poor condition.

Story got a line on a man who had worked with us a number of years but who left about six years ago, went over to Canada and has been with the Canadian Vegetable Parchment since that time. They hired him and then he came down to see me and outlined the condition above. In my opinion this party could probably straighten them out so rather than see him start in have taken him on for the present although have nothing in particular for him to do but don't feel like educating a man and then let a competitor of their caliber pick up and profit by his experience.

I am also advised that their Chicago sales manager, Mr. Koch, is going to take over the general manager's position of this company. He has brought in an old Armour buyer for the Chicago job although I understand Mr. Koch expects to spend about three days a week in that city.

Just another thought. They have no jogger on their Parchment printing press consequently all the sheets have to be shook up by hand, so with the above described equipment I don't see how they are able to make the printing prices they have. This party also informs me he saw some printing in the place which he knew very well would never be allowed to go out from our mill.

EXHIBIT P417

Letter. May 27, 1928. Repine to Andrews.

Sugardale Provision Co. has made 2 purchases of Story Parchment through the Institute of American Meat Packers. They have bought at our prices less 5 per cent discount. In this they did not consult the Powers-House Co. of Cleveland to whom we have referred in our correspondence. They also placed with the Institute an order for 20M of the Sugardale Ham wrappers. This order was recently sent to the Institute, the Sugardale people sending the original plates to them—those made by KVP for reproduction.

The Ham was the only item of which they need new stocks. Sugardale is holding the plates for other items.

Mr. Andrews, will you please send to Mr. Arthur Lavin of Sugardale some copies of printed meat wrappers, part at least of these with a decoration. It looks as though the Powers-House Co. will not figure in the actual purchases for Sugardale and we will have to direct our energies to Canton. This 5% was a temptation which they could not pass up at this time; otherwise, we have their regard here and will try off-setting the condition of the day.

Mr. Lavin informed writer that Story have sold Arnold and Rath he was told.

EXHIBIT W-104

Letter. May 28, 1929. Moody to Moyer.

A & P buyer told me to-day—that as result my call just before went to New York that had taken matter up with Manager this Division—who left shortly after I did for New York—told him—if Gluck had made any deal with Storey—why was it they had not been advised—This manager had interview with Gluck in New York and when returned advised A & P buyer that there

was no change—that arrangement with Patterson was still in force—A & P buyer advised was sending his orders to Patterson—but was going to give that Mason City biz next month as promised.

EXHIBIT K199

Letter. May 29, 1928. Dohan to Kindleberger.

I have a letter May 22d from Oliver M. Porter, Secretary-Treasurer of American Paper & Pulp Association, suggesting the preparation and submission of briefs on the tariff to go before the Association's General Tariff Committee.

I drew the brief for the Fiber manufacturers, and it met with the approval of the Senate Finance Committee. I would, therefore, suggest drawing this brief on the same general lines.

A feature of the Fiber brief was the inclusion of a considerable number of photographs; some of them were from airplanes and others showed interiors, manufactured products, &c.

It was founded on the Chinese principle that a picture is worth ten thousand words.

No doubt you have among your printing matter numerous halftones showing your plants and details, and these would no doubt be useful.

The purpose is to give by photos some idea of (a) the amount of investment; (b) the amount of machinery involved which indicates the amount of labor employed; and (c) the finished product.

We will discuss this matter at the first opportunity.

EXHIBIT P418

House Letter. May 29, 1928. Mayer to Smith.

Subject Wadley & Company.

I have your letter of May 26th stating that Mr. Safford informed you that Story had quoted him a price equal to 5% less than our carload price.

We rather expected this and if Story are going to charge the freight on the carload and allow the LCL rate, pay the stop-over charges, and in addition to all this allow 5%, they can have the business.

We are going to quote the same as we have in the past, which was explained to you in the letter from Mr. Andrews on May 4th. We have to remember that we cannot do any more for Wadley than we do for Kingan which I am sure you realize. However, we can discuss this further when I arrive in Indianapolis.

EXHIBIT P419

House Letter. May 31, 1928. Mather to Mayer.

Subject Story Parchment Co.

The first instances of competition by the above named company was brought to my attention today while calling on my trade in Hoboken.

The Herold Co. and Herman Deile, both of Hoboken have received letters from Story Parchment Co. 17 East 42nd. St., N. Y. C., signed by J. R. Haney, Manager, N. Y. Office. soliciting their business but failing to quote prices. These letters followed a personal visit by Story representative and this salesman made the following proposition: He submitted samples of plain parchment which were to all appearances a very nice sheet and suggested that each of these people accept shipment of a case or two of plain paper. He advised them to take as long as they wanted to in giving the paper a trial and said that there would be no billing issued until after the paper had been used and had been found satisfactory. Then the Story representative would call and make an attractive price to the buyer.

The only solution of this method of selling seems to be that Story is not making any money at the present prices and would be anxious to have customers take in paper today and take from two to three months to consume it and that by that time there would be an advance in prices and they would be better off than if they received payment in ten days.

I took orders from both these people today and they have not placed any business with Story as yet, nor will they if I can prevent it.

P. S. Story letters mentioned herein also made mention of the fact that they are equipped to do three color printing.

EXHIBIT S21

Letter. May 31, 1928. Story Parchment Co. to Hubbs & Corning Co.

Answering your inquiry of the 24th our present selling commission to the paper merchant is 2½% off of the March 9th price list. 30 lb. paper in this list is based on the price of 14½¢ per pound and our selling commission to you on all prices figured on the basis of 14½¢ for 30 lb. paper is 2½%. In addition to this there is a customary cash discount of 2% ten days.

We trust that this is clear to you and that you will be successful in securing a nice business on this basis. Keep in mind that the resale price list of the other mills is now 2¢ per pound higher than the above figures.

EXHIBIT W-105

Letter. June 4, 1928. Dohan to Moyer.

I find I cannot get away on Saturday, June 16th, in the Import situation. I called up Mr. Cashmore, and he said that if it were agreeable to you and Mr. Southon it would suit him also if we could meet at Buffalo on Sunday about 9;00 o'clock (daylight saving time). Will you kindly send me a wire on receipt of this advising whether that would suit your convenience, and in the meantime I am writing to Mr. Southon to the same effect? In regard to a place of meeting, I am not very well acquainted with Buffalo, and will be obliged if you will advise me what is the best hotel where we can all meet.

Above letter was also sent to Kalamazoo Vegetable Parchment Co.

EXHIBIT K200

Letter. June 5, 1928. Kindleberger to Dohan.

I don't know of anybody in this grand and glorious country of ours that could write a better brief on adjustment of tariff than your highness.

So I trust that you will do this for the Parchment Manufacturers and we are sending you photographs of all that we have, and if any additional information is wanted, just say the word.

EXHIBIT K201

Letter. June 6, 1928. Kindleberger to Dohan.

In the absence of Mr. Southon, who will not be home until some time tomorrow morning, your letter of June 4th is being taken care of by the writer.

You ask about the best hotel in Buffalo. The Statler is THE Hotel in Buffalo. I am sure all the rest of the brethren will concur with the writer in this matter.

I am sure it will be satisfactory to Mr. Southon to meet on the day and hour that you suggest, and just as soon as he returns tomorrow morning I will ask him to let you know.

EXHIBIT K202

Letter. June 7, 1928. Kalamazoo to Dohan.

Enclosed are some photographs showing views of the interior of both our mills and also a photograph made from a drawing showing both mills.

We have many other pictures of different parts of the mills, and if there is any view that you think would be of value, just let us know.

These are the pictures mentioned in Mr. Kindleberger's letter of June 5th, and we hope they will serve your purpose.

EXHIBIT P291

Letter. July 9, 1928. Dohan to Cashmore.

Thanks for your July 6th letter enclosing list of the decedents. Some of them are new to me, but I remember Mr. Brunner and I counted them up one time and they aggregated 23.

A few days ago, I sent you an advertisement from the Paper Industry June 1928 regarding Celusola Cubana. I shall be very much interested indeed to know the result of your investigation. No doubt your laboratory will laugh at the thought which is that the tendency of the action of sulphuric acid on cellulose is the production of sugar; perhaps the cane pulp is merely a ligno cellulose which acts as a vehicle for the cane sugar, but nevertheless its the training in the right direction and I should expect a waterleaf made of or containing sugar cane cellulose to produce some interesting results when parchmentized.

I have a letter from Mr. Coolidge in which he and Moyer say they consider the letter to Mr. McClennen admirable. This is the one dictated while you were here.

EXHIBIT P293

House Letter. July 9, 1928. Cashmore to Dufford.

Attached are copies of advertisement appearing in the Paper Industry forwarded to me by our Attorney on which you will note his remarks that it is worth while looking into.

If you are disposed to investigate, I would like to hear further about it so that I can report back to him at some time in the future.

EXHIBIT P292

Letter. July 9, 1928. Cashmore to Dohan.

Thank you for forwarding to me the advertisement appearing in the Paper Industry relating to "Celulosa Cubana".

I note your remarks in reference to this product and am passing it on to our Research Laboratory for investigation.

We appreciate your interest and will be glad to let you know how the matter turns out as soon as we have something definite.

EXHIBIT P435

Request for Quotation. July 10, 1928. Borden Co. to Paterson

1 ton 12 x 28 Parchment Paper 30 lb.

EXHIBIT K203

Letter. June 11, 1928. Dohan to DeWeerd.

Thank you for your June 7th letter enclosing photographs. The next time I see Mr. Kindleberger, I will talk it over with him. My general division of photographs is as follows:

(1) General views showing plant investment.
(2) Machinery views indicating amount of labor required.
(3) Finished products.

There is no hurry in the matter. I just wish to get it under way as it were.

EXHIBIT P295

Letter. July 11, 1928. Cashmore to Dohan.

This will acknowledge your letter of the 9th in which you again mention the matter of Celusola Cubana.

Confidentially to you, this pulp has been under investigation by our Laboratory for quite sometime and it seems there is some merit to its relation to a waterleaf such as we make. We are endeavoring to protect ourselves in the use of it should it be adopted feeling that it is of sufficient interest and importance for protection in its use in connection with Waterleaf.

Experiments have not been concluded as yet and I will be glad to inform you of the results of our investigation as they materialize in response and appreciation for the general interest you show in our behalf.

EXHIBIT P439c.

Request for Quotation. September 6, 1928. Borden Co. to Paterson.

250M — 11½ x 11½ — 30 lb. parchment squares printed in red as before.

Except as the context otherwise indicates, as used hereinafter "Story" means the plaintiff, Story Parchment Company; "Paterson" means the defendant The Paterson Parchment Paper Company; "Kalamazoo" means the defendant Kalamazoo Vegetable Parchment Company; "West Carrollton" means West Carrollton Parchment Company.

Price lists were put in evidence. They may be transmitted to the Circuit Court of Appeals as a part of this bill of exceptions, for inspection by the Court there. Each is a booklet of from twenty to thirty pages. They are all made on a system of a basic price per pound for 30-lb. and 40-lb. parchment, from which many prices are computed for different sizes, weights, shapes, forms, and quantities, of plain parchment and for printing, in addition.

These basic prices are those for flat sheets, standard sizes, in bulk, 88 square inches and over.

Briefly described the price lists made exhibits are:

P-424, Paterson, wholesale, effective Dec. 5, 1927, removing half cent differential on rolls.

P-11, Paterson, wholesale, effective Jan. 2, 1928; basic prices, 30-lb. substance, 15½¢ per lb., 40, 50 or 60-lb. substance, 15¢ per lb.

P-3, Paterson, wholesale, effective March 9, 1928; basic prices, 30-lb. substance, 14½¢ per lb., 40, 50 or 60-lb. substance, 14¢ per lb.

S-16, Paterson, retail, effective Jan. 2, 1928; basic prices:

	30-lb. substance	40–50–60-lb. substance
Less than 50 lbs.	21½¢ per lb.	21¢ per lb.
50 lbs. and over	20½¢ per lb.	20¢ per lb.
100 lbs. and over	19½¢ per lb.	19¢ per lb.
300 lbs. and over	18½¢ per lb.	18¢ per lb.
500 lbs. and over	17½¢ per lb.	17¢ per lb.
1000 lbs. and over	17¢ per lb.	16½¢ per lb.
2000 lbs. and over	16½¢ per lb.	16¢ per lb.

P-10, Paterson, printing charges, effective May 14, 1928.

K-354, Kalamazoo, wholesale, effective Dec. 11, 1926; basic prices, 30-lb. substance, 16½¢ per lb., 40 and 50-lb. substance, 16¢ per lb.

P-14, Kalamazoo, wholesale and retail, effective Jan. 2, 1928; basic prices, wholesale, 30-lb. substance, 15½¢ per lb.; 40 and 50-lb. substance 15¢ per lb.; retail.

	30-lb. substance	40 & 50-lb. substance
Under 50 lbs.	21½¢ per lb.	21¢ per lb.
50–100 lbs.	20½¢ per lb.	20¢ per lb.
100–300 lbs.	19½¢ per lb.	19¢ per lb.
300–500 lbs.	18½¢ per lb.	18¢ per lb.
500–1000 lbs.	17½¢ per lb.	17¢ per lb.
1000–2000 lbs.	17¢ per lb.	16½¢ per lb.
2000 lbs. and over	16½¢ per lb.	16¢ per lb.

K-329, Kalamazoo, wholesale, effective Jan. 2, 1928; basic prices those shown in P-14 at wholesale.

K-330, Kalamazoo, wholesale, effective March 9, 1928; basic prices, 30-lb. substance, 14½¢ per lb., 40 and 50-lb. substance, 14¢ per lb.

P-5, Kalamazoo, identical with K-330.

K-331, Kalamazoo, printing charges, effective May 15, 1928.

K-355 and K-357, printer's dummy and proof sheet.

W-106, West Carrollton, wholesale, effective December 11, 1926; basic prices, 30-lb. substance, 16½¢ per lb., 40 and 50-lb. substznce, 16¢ per lb.

W-107 and P-15, West Carrollton, wholesale, effective Jan. 2, 1928; basic prices 30-lb. substance, 15½¢ per lb., 40 and 50-lb. substance, 15¢ per lb.

W-108 and P-4, West Carrollton, wholesale, effective March 9, 1928; basic prices, 30-lb. substance 14½¢ per lb., 40 and 50 lbs., 14¢ per lb.

S-1, Story, wholesale, no printed effective date but stamped Dec. 1, 1927, basic prices, 30-lb. substance, 16½¢ per lb., 40 and 50-lb. substance, 16¢ per lb.

S-3, Story, wholesale, no printed effective date but stamped Jan. 15, 1928; basic prices, 30-lb. substance, 15½¢ per lb.; 40 and 50-lb. substance, 15¢ per lb.

S-14, Story, wholesale, no printed effective date, but stamped June 1, 1928; basic prices, 30-lb. substance, 14½¢ per lb., 40 and 50-lb. substance, 14¢ per lb.

P-72, a schedule showing the differences in prices for various items in price lists of Paterson, Kalamazoo, and West Carrollton, effective Jan. 2, 1928.

Copies of figures taken from the books of the Paterson, Kalamazoo, and West Carrollton were put in evidence showing sales, costs and profits of those companies. They were marked Exhibits P-31–50, K-332, and W-159, respectively. They may be transmitted to the Circuit Court of Appeals as a part of this bill of exceptions, for inspection by the Court there.

ALBERT F. LEONHARD on direct examination for the plaintiff testified in substance as follows:—He has been General Manager in charge of manufacturing, of Paterson since 1900 and with the Company since its organization prior to 1890. Vegetable parchment is a waterleaf, — that is, unsized paper properly treated with sulphuric acid. It is used mainly for wrapping food products or moist products, including butter, meat and fish. It is waterproof and air-proof.

William F. Brunner is President, and he and George L. Leonhard, George C. Mayer, Richard T. Anderson, William C. Leonhard, Byron Megargee, Milton F. Glessner, John W. Outerson and Charles H. Cashmore, are directors. Cashmore was Assistant Treasurer until January, 1928, when he became Treasurer.

Paterson's capacity is 100,000 pounds of parchment a day. It has two mills, one at Modena and the other at Edgeley, Pa., in which the company manufactures its waterleaf paper, which is then parchmentized at Passaic. It also makes wax paper. It does its own printing. The wax paper is an inconsiderable portion of the business. It has fourteen salesmen.

The standard ream of parchment is 24″ by 36″, 500 sheets. Taking such a ream as a basis, parchment is furnished in the following weights: 25, 30, 40, 50 and 60 pounds, and other weights are made for special purposes. Unless otherwise expressly stated, a weight named in an order is taken as the weight of a standard ream and not for the size specified.

Recently the price list has been made up by Mr. Cashmore, who is assistant to Mr. Brunner, who is at the head of the Sales Department. Basic prices (but not the whole price list) are sometimes considered by the Board of Directors. In fixing prices a base price is first fixed. For illustration, 15¢ for 30 pound substance, standard ream. That would be all that would be considered in the Directors' meeting. From that basic price all the other prices are made up with variations according to additional expense. The differentials are calculated according to well-

known methods. In the last few years the Board of Directors have discussed the basic prices informally several times at meetings. Witness has also talked them over with Mr. Cashmore and in the last two years was consulted in a way in all instances before reductions were made in the basic price. His recollection is that there were no votes of the Board on the price reductions. The Directors discussed the prices informally and witness supposes reached a conclusion but passed no votes.

He first heard of Story several months before they built their plant. Witness cannot remember from whom he heard of it but it was talked about and seemed to be general knowledge around "here," in the organization. He cannot say where it came from. He thinks that it was general knowledge throughout the Trade at that time. The only other manufacturers in this country were Kalamazoo and West Carrollton. Witness thinks that the fact that Story was going into manufacturing parchment was general knowledge of those two companies or their officials. some months prior to the launching of their enterprise or building of the mill. Witness is acquainted with some of the officers of these two other companies. He has known Mr. Kindleberger, President of the Kalamazoo Co., for a number of years, and has been on friendly terms with him, so far as competitors could be, that is more or less friendly. He has met Mr. Kindleberger in New York a number of years ago at one of the annual meetings of the Paper Trade. Has met him possibly four or five times since, once on a similar occasion. The other occasions were at meetings of the Parchment Paper Association.

The Parchment Paper Association is one to simplify business methods, charges, deliveries and advertising, and a host of other things besides prices. Organization might have been ten years ago. Members are Kalamazoo, West Carrollton and Paterson. They did not invite Story to join. Witness never heard of such a thing. He believes Joseph M. Dohan, "our friend counsel here," was Secretary of the Association, counsel for the Association, and counsel for Paterson. He knew Dohan before he was Secretary, and had many a merry fight with him long ago. He was then in the parchment paper business as executor of an estate, being connected with the Glen Mills Paper Co., a concern which made parchment in Pennsylvania. The fights were in competition. Mr. Dohan sold the mills out. He does not know to whom. Not coincident with his becoming Secretary of the Association. He went out of business first. The

mills stopped making parchment. Dohan did not form the Association. Witness recalls just at this moment only two meetings which he attended, one in New York and one in Philadelphia. These meetings were attended by the witness, Mr. Brunner, Mr. Kindleberger, Mr. Moyer and Mr. Dohan. Mr. Moyer was the representative of the West Carrollton Company. Witness had met him also at the Paper Trade dinner in New York. He can give no idea how long ago it was. He supposes Association meetings average once in two months for eight or ten years, perhaps. Sutherland Paper Company manufactured parchment for about a year. The competition of this company was noticeable and brisk for a short time — very intense and then went out. The concern did not fail — they discontinued making parchment. The witness does not remember any other concern that has tried to make parchment since the Association was formed. At the meeting which the witness attended in New York, at which he can recall Kindleberger, Brunner, Moyer and himself present, he cannot tell what specific subjects came up for discussion. Q. Can you say anything that was said? A. It was only subjects which usually came up at this meeting that we talked about, freight rates. * * * * Q. Did you meet every two months to talk about freight rates? A. Oh, there was a host of other questions, too. Q. Yes, but freight rates seemed to be in the front of your mind. I know you have mentioned them before. But there must have been a host of other questions besides freight rates, were there not? A. Oh, yes; there were other matters. The meetings were not held at regular intervals. It all depended upon circumstances. For instance, there were some unfair practices going on, or something of that kind, among the parchment people and they were called to book. A meeting would be called to prevent unfair practices. Witness cannot recall at this moment any particular instance of the unfair practices, what they were or who committed them. Q. Well, what were the unfair practices? A. Well, the granting of extra discounts. Q. I see. Cutting prices? A. Well, in a way. It would amount to that, or making deliveries at points, equalizing freights. Q. I see. Well, what was there unfair about the making of discounts? How was that an unfair practice. A. Well, it disturbed the market every time anything of that kind was done. Q. Well, who was it unfair to? The consumer? A. No. * * * * Q. Did you discuss unfair practices of members of the Association? A. There were a number of subjects that came up there.

If I had a memorandum, why, I could tell you. Q. Yes, but these unfair practices, did you discuss? A. It might be either one of the three. Q. What did they consist of? Underselling, for example? A. No, not directly. Q. Well, selling below published prices, list prices? Tell us just as fully and frankly as you can remember, on the question of unfair practices, what was said? A. I cannot recall it. I am just telling you what the discussion was in general, but I cannot recall any specific instance of what was said four or five years ago. Q. Well, in general, it was about unfair practices? A. Yes. Q. Now, what unfair practices? A. Well, such as were considered to be unfair by, for instance, the Interstate Commerce Commission.

Asked what was considered unfair, as witness understood it, by the Interstate Commerce Commission, witness stated selling goods under a misrepresentation as to their character and quality and misrepresenting the quality of the competitor's. Witness does not recall any conversation about any one of the three giving discounts from their list prices. Giving carload rates on less than carload lots was discussed. It was made a rule that less than carload rates should not be prepaid and carload rates should be prepaid. Witness does not know who made the rule. Copy of Trade Practices would show the subjects discussed. If a rule were made that freight should not be prepaid when it was less than carload lots, it was made by the Association at some meeting. The witness did not know of any rule that they should not discount from the list prices. The Association had a code of Trade Practices. Witness has never seen or heard of any record of any Association meetings. Representatives of the Association attended tariff hearings at Washington. Mr. Dohan put in a brief for the Parchment Paper Industry.

Cashmore is Assistant Sales Manager in general charge of sales. Walter J. Cox is Paterson's Chicago salesman. New York is covered from the Passaic office.

(*End of Leonhard's Testimony.*)

CHARLES H. CASHMORE on direct examination for the plaintiff, testified in substance as follows: He has been Treasurer of the Company since January, 1928, and Assistant Treasurer before that. He came to the Company five years ago. Mr. Dohan is counsel for the Company. He never heard that he was Secretary of the Association, but he was active at its meetings. He first heard of the Association about 1924 or 1925, from Mr. Brunner. He has attended meetings. He does not know how many. It is hard even to guess the amount. They are not frequent. Probably half a dozen since 1925. Notice came from Mr. Dohan practically always.

The last Association meeting which witness attended was, he thinks, in Chicago the latter part of March (1928) attended by Southon (Sales Manager of Kalamazoo), Moyer (Sales Manager of West Carrollton), Dohan and the witness. It was a meeting of the sales managers of the Association members with Mr. Dohan. The date of the meeting, stated offhand, was around March 20 or 21 somewhere. This is the last meeting which he has attended, as he recalls it. He has not, however, tried to refresh his recollection. The meeting was at the Morrison Hotel, Chicago. Witness did not make a special trip for the purpose. There were other things he can always do, such as conferring with his Chicago office. He had had no correspondence with either Kalamazoo or West Carrollton about the meeting and all the information which he got about the meeting and its purposes, if any, was from Mr. Dohan. Witness cannot recall how long the meeting lasted but to his best recollection it was two or three hours. Witness carries in mind that there came up for discussion at that time only general conditions, generally; nothing specific. He does not remember any particular thing for which the meeting was called; it was not a regular meeting. Witness arrived in Chicago the day of the meeting. Was in the city two days. Stayed at the Morrison Hotel. He does not know where Moyer or Southon stayed. The meeting was in Dohan's room at the hotel.

Witness cannot recall the date of the next prior meeting of the Association. His best recollection is that it was three or four months before that in Philadelphia, he thinks, although he is not sure; the same parties being present.

With reference to the March Chicago meeting, witness went out with Mr. Dohan. On his return he made a report to the Executive Committee of the company but does not recall

whether it was recorded. In the ordinary course it would not be recorded exactly. He made no memorandum, either at the meeting or after he got home. The Story Company was mentioned at the Chicago meeting by two or three. There was no discussion about it. Everyone mentioned it. It was also mentioned by witness and Mr. Dohan on their way out. Q. Was that the subject on account of which this meeting was specially called together? A. Not entirely. Q. I said specially. A. No. Q. Do you remember what other subjects it was specially called for? A. General business conditions. Q. General business conditions between you three competitors? A. Affecting the entire industry, yes. Q. But more particularly about your rivalry and competition with each other? A. No. Q. Wasn't it? A. No. Q. You were competitors? A. Yes, we were competitors. * * * * Q. And your meeting was held without discussing your competition, but for other reasons? A. General trade conditions. Q. Well, were not general trade conditions affected by your competition with each other? A. Well, I presume so. Q. What was said about your competition with each other? A. I don't recall anything particular. Q. Do you know the price lists of the three companies that were in effect at that time? A. Only from what I have seen of their copies.

Paterson's wholesale price list which was in effect at that time is the list marked Ex. P–3, "effective March 9, 1928." The prices stated at page 3 of that list — 30 pound substance (88 square inches and over) 14½ cents per pound, and 40, 50 or 60 pound substance 14 cents per pound — were the then basic prices. All the other prices were built up from those according to size and amount. There was a regular way of computing the other prices.

Witness also has the wholesale price list of the West Carrollton Company of the same effective date (Ex. P-4). He got it from one of Paterson's salesmen but not prior to March 20. On the West Carrollton list also the price of 30 pound substance is 14½ cents and the price for 40 and 50 pound substance is 14 cents, which are exactly the same as those of the Paterson Company.

Witness also has a copy of the Kalamazoo price list of the same effective date (Ex. P-5). On this list the price of 30 pound substance is 14½ cents; 40 and 50 pound substance 15 cents.

These basic prices appear to be the same as those of Kalamazoo and Paterson, but witness did not know that they were going to be. He did not have the slightest idea. The issuance of these price lists, however, with the same basic prices on the same effective dates was not an entire surprise to him.

Two or three days before March 9, 1928, Mr. Southon telephoned witness that Kalamazoo was going down in their basic prices. Witness did not know anything about West Carrollton's coming down. Asked whether it was a surprise to him he answered, "I don't know as I thought anything about it." Witness told Southon there was nothing else to do but the same thing. He told Southon, "We can not help it."

Two percent off for cash in ten days had been in effect for years. Witness has never seen Kalamazoo's and West Carrollton's announcement of the March 9th reduction.

Witness does not recall having seen the announcement sent out by Kalamazoo and West Carrollton. (Ex. P–7 for ident., Ex. P–8 for ident.)

It is true that the prices sent out on March 9th, as announced in these circulars of Kalamazoo and West Carrollton, were exactly in accordance with the prices that Paterson announced on the same day as far as they go; with the exception of 20 pounds, which Paterson did not put up, and 60 pounds, which the others did not put up. Before these announcements were sent out, witness does not recall when he had seen or talked with representatives of either of the other concerns. He had not found out when. He had been in Chicago prior to that time. He did have a telephone message from Southon just a few days before. He made no memorandum of it.

It is stated by defendants' counsel that the date of the Morrison Hotel meeting, which witness had placed as about March 20, is fixed by certain documentary data as March 31.

Witness was in Chicago also in February. He was then alone and did not, to his recollection, see representatives of the other members of the Association. On that visit he saw Paterson's jobbers, customers and Chicago office men.

It is stated by defendants' counsel that Mr. Cashmore's voucher for the trip was dated February 24, which signified that the trip had ended by that time but did not indicate how long before that time he had returned. On the February trip witness stopped at Detroit and saw Paterson's distributors, John W. Ladd and Mr. Harwood.

Mr. Dohan's bills for "Services re Imports" included all his services. It was a term in nature of a fiction to express the generic character of his services. Witness thinks that all of Dohan's bills rendered in this connection were for "Services re Imports" instead of putting in "Services re: Parchment Association." He thinks that was the way it was billed all the time. Witness recalls how the expression originated. Asked who suggested it, he answered that "it was just a common suggestion." He does not know who suggested it. Wherever Dohan went and whatever he did, so far as witness can recall, he has thus billed his services "re: Imports." Witness understood what that meant. The Paterson Company's books of account contained no itemization showing the character of the services for which payments to Dohan were noted.

At the meeting of March 31, 1928, of Dohan, Southon, Moyer and the witness, in Chicago, the witness paid Mr. Dohan's expenses to Chicago but not back. Dohan went to Chicago at this time on other matters.

After March 9, 1928, the next price change was a printing price change in May, made effective May 14, 1928. (Exs. P–10, P-10A.) This formulated a new bracket for sizes up to and including 63 square inches. These had previously been included in sizes up to 117 square inches. This made a reduction of about 6¢ a thousand on printing on the maximum quantity.

As the former price was 18¢ it was a reduction of ⅓. This printing price reduction was applicable only on sizes up to and including 63 square inches. It did not affect prices for other sizes. Before this change, witness had learned that Story was selling a very considerable or appreciable quantity of sheets of the prices which Paterson here quoted for the first time, principally to Armour and the Packers for wrapping butter. He had learned approximately what Story's prices were. They were lower than Paterson's. On May 24th, Paterson cut these printing prices one-third. Witness knew that West Carrollton and Kalamazoo did on the same date. Prior to this reduction witness, Southon and Moyer had had a talk at the McAlpin Hotel in New York, in May. Asked who called the meeting witness answered "We all arranged it * * over the telephone." Southon first broached the subject by telephone. He called witness up. The three met in a room in the Hotel McAlpin in New York. Q. And you decided or agreed then that you would

all cut the price of printing on these small sheets by one-third? A. There was no agreement. Q. Well, you all did it right after the meeting, didn't you? A. I don't know when the others did it. Q. Well, you did it right after the meeting? A. Quite some considerable time after, I don't remember. Q. Did you discuss it at that meeting? A. No, not generally. * * * Q. Did you speak of cutting the printing at that meeting? A. Not the making of a cut. Q. Or reducing the price? A. No. Q. I thought you said the meeting was called for that purpose? A. Not for this purpose alone. Q. Did you speak of reducing the price? A. Mr. Southon did. Q. What did he say? A. He said they were going to reduce in order to save their business on these small sheets which were being sold in large quantities by Story at a lower price. Witness said Paterson could not help but do the same thing if Kalamazoo did it. He does not know what Moyer said. Each went home and reduced on this one thing. This price on smaller sizes was made more specific to hit the exact price and exact size which Story was selling and to meet their competition. Paterson was not selling to Armour those sizes at that time. Southon said his company was. Witness does not recall that Moyer said anything. Paterson had not been selling those sizes to Armour. It was constantly after the business. It had not sold those sizes to Armour for a couple of years. Witness did not receive Kalamazoo's and West Carrollton's announcements. He heard that they had reduced. He does not know whether it was about the same date. Asked when he heard that the other companies had reduced, witness answered that Cox, Paterson's Chicago man, wired that Kalamazoo and West Carrollton had made a reduction in the Stock Yards and asked witness what to do, as he feared that they would also make it to Swift & Company, to whom Paterson sold these sizes. Paterson was selling these sizes to Swift. Witness did not know that Story was selling those sizes to Swift. Q. And therefore, when you reduced your price to Swift, which was after a meeting in which Southon told you that Story had been selling to Armour, and had cut into his trade, and to get it back, he had to reduce — was going to reduce, is that right? MR. McCLENNEN: That is objected to as assuming the testimony inaccurately, the testimony having been that Southon said that Story was selling it at a lower price to Armour, and in order not to lose the business, they have got to cut their prices. Q. Assuming what Mr. McClennen says was the effect of your testimony, you then said,

then we will reduce our price, did you? MR. McCLENNEN: That is objected to. A. I do not. Q. You said we shall have to reduce? A. We shall have to figure it. Q. And you did reduce? A. Yes. Q. To Swift? A. To all of them. Witness did not know what orders Story got from Swift. He supposed that Story sold some of these sizes to Swift. He had not heard it.

Witness thinks Dohan was at the meeting part of the time. They met from half past ten or eleven until soon after lunch time. Witness thinks Dohan was there a short time and left early. They discussed general discounts Story was giving to the Trade. They did not say anything about lowering their prices on this account. As far as witness recalls, the two matters discussed were the Story discounts and this selling to Armour. There are always many subjects discussed as to business conditions. As to the question of Story's discounts to the trade, nothing was said as to what they would do. There was no one else there.

The wholesale price list (Ex. P–11) which next preceded the one of March 9 was that effective January 2. The bulletin making the announcement was put out January 3 (Ex. P–12), the detailed price list being prepared after that. The first bulletin was put out on January 3, 1928, for the price change effective January 2. The price list had not then been prepared. It was prepared thereafter and went to the printer January 9, and was mailed out approximately January 21, 1928. The basic prices which were stated in the January 3 bulletin were for 30 pound substance, 88 square inches and over, 15½ cents; for less than 88 square inches 16½ cents; 40, 50, and 60 pound substance 88 square inches and over 15¢; less than 88 square inches 16¢. This represented a reduction in the basic price of one cent per pound from that of the previous price list which was issued in December, 1926. Paterson had sold on these prices since January 3.

The witness has copies of the lists sent out by Kalamazoo and West Carrollton as of January 2, 1928. Paterson's salesmen send them in as they pick them up from the Trade. The Kalamazoo list as of January 2 (Ex. P–14) and the West Carrollton list (Ex. P–15) as of the same date state the same basic prices as those of the Paterson list (Ex. P–11). Their basic prices for the year before were also the same as Paterson's. So they changed their prices, dropping their basic price one cent as of January 2, 1928, practically the same as Paterson did, effective the same day. Asked when he had met any representative or representatives

of the other two members of the Parchment Association prior to January 2 or 3, the witness answered, "I think December 5th or 6th." The meeting was at a hotel in Cincinnati. Witness does not know how Moyer got word. His presence there was not exactly a surprise to witness. He usually met witness when Southon did. He there met Southon and Moyer, and no one else. Southon had asked witness if he was coming out in that direction, and that he had many things that he would like to discuss. Witness had another engagement in Chicago, and said that he expected to be in Chicago December 7th. They met in Cincinnati. Witness did not know how Moyer got word. They did communicate with each other by telephone. Witness does not recall how many times. They did not meet again between that time and January 2. They had telephone communications as often as matters came up.

At their December interview they discussed Story's special prices to the Trade. Witness believes that at that time Story had begun manufacturing. He thinks somewhere around the middle of November they started to manufacture. He did not know of their having made any sale prior to the meeting but had heard that they had made quotations. Witness had not seen their price list. He recalls nothing at all that was discussed at this meeting except the reports from the Trade about Story's prices. Witness had reports from the Trade. They had reports from Paterson's salesmen as to Story's activities and prices that had been offered by Story. Q. At this meeting was anything said about dropping anybody's prices, a cent a pound, base price? A. There was a remark made by Mr. Southon. Q. What did he say on that subject, dropping prices? A. He said he felt—he thought that Mr. Kindleberger was thinking of following their usual first of the year custom, or were looking for it. He had been talking about Story and Story's offerings, and he thought Kindleberger was expecting to drop a cent a pound as usual, something to that order the first of the year.

Some time in December of the two years prior to that, as witness recalls, price had been dropped a cent a pound. All three had dropped it the same. Southon said he thought Kindleberger was figuring on dropping it a cent a pound as usual the first of the year. He was not sure. Witness did not say anything. They did not leave with the understanding that all three were going to drop a cent a pound. There was no understanding but after that time and without further conversation they dropped it

a cent a pound. Q. That was a mere coincidence? A. I don't know what you mean, mere coincidence. Q. You just happened to and they just happened to? A. No, we expected that they would, hearing further reports from the trade. Cox told witness that he had heard in the Trade that they were going to cut down. At the meeting, Southon reported information they had from the Trade that Story had a secret agreement with the Institute of American Meat Packers whereby the Institute would be allowed to sell the Packers "at a price below our price to the Packers." A quarter of a cent below "our" price to Packers. Q. What do you mean by our price? A. Our price to the packers. Q. You say, the price of the Association? A. They are all nearly alike. The thing was to be kept quiet and there would be rebates made to offset the difference. Story was going to have the same price list as Paterson, witness was informed, but they had promised the Institute that there would be secret rebates so that the Packers would really get the parchment for less by a quarter of a cent — a sort of secret rebate on the bills. Southon got the report from Chicago from Greenlee or some of their Chicago office.

Q. What did he say he wanted to do about it? A. Who say? Q. Any one of the representatives of the Association? A. I don't know. It was only discussed as — Q. Tell us what was said about it. A. I cannot tell you the exact words that were said, We talked back and forth about a secret rebate, a cut to the packers. Q. And what then? A. I don't recall that. Q. Did you go way out there just to talk about it? A. No, I was on my way to Chicago on another mission. Q. You just listened to it? A. Yes, listened to it and discussed the new competition we were having. Q. What was said about the new competition? A. That they were cutting prices. Q. Well, what of it? A. We have to protect our own. Q. Who said that? A. We all thought it. I don't know that anyone said it. Q. Oh. You all thought that you must protect your own prices? A. Our own business. Q. Own business, but no one said it? A. I don't recall anyone saying it. Q. How do you know they all thought it? A. You couldn't help but think it; that is natural in business. * * * * Q. You said that no one said anything about what was to happen with the new competition? A. Yes. Q. You said something about you all thought that you must take care of yourselves? A. Yes. Q. How did you know the others thought so? A. I don't know that they thought it: I know I did. Q.

What did you think? A. I thought if that was the case, we would have to protect ourselves. Q. How? A. By meeting any competition. This was said to be a quarter of a cent a pound below, as witness recalls it, — below the then price to the Packers.

Paterson dropped a cent effective January 2. Witness does not wish to express the thought that the other members of the Association dropped at the same time by a coincidence. The way it happened was that Cox advised witness that he heard in the Trade that Kalamazoo was coming down at the first of the year. Witness did not ask the others what they were going to do because it wasn't any of his business what they were going to do. He found out through Cox (Paterson's Chicago salesman).

Q. And if you wanted to find out, why didn't you ask him whether they were going to drop it or not — members of the Association? A. We didn't discuss prices. Q. Why not? A. It wasn't a general subject. Q. Was it because it was against the law, did you think? A. We are always advised not to. Dohan advised him not to talk prices at these meetings. This advice was prior to witness' entry into the Association. Dohan told him so. Dohan told him not to talk prices prior to going to the first meeting which he attended which was late in 1925. He said that it was not a meeting to discuss any prices, and he would not stand for it. Discussed competition, Trade rates, Trade customs, imports largely, not prices. Must not agree on prices. They didn't talk prices. Dohan said they were not to talk about it nor on any account make any agreement about them. Witness always bore Dohan's advice in his mind, and that was the sole reason why he did not ask the others what they were going to do about prices. He would like to have known but it was not supposed to be talked of in the Association. He thinks that Dohan told him they should not because it was illegal. At the December 1927 meeting he really wanted to know what the two other fellows were going to do about Story's underselling but he did not ask them because Dohan had said it would be illegal to talk about prices. There is no other reason that he knows of. When later, through his salesmen, he found that they were going to cut prices a cent then he thought that Paterson would.

This December meeting lasted probably two to four hours. Witness reported the experience of Story's cutting price to one of Paterson's customers. These were reports they heard from their Trade. Witness said that Story had eliminated the differential on rolls that we had been accustomed to have and that we were

forced to meet it on the possibility of losing business. The other two said they had the same reports that Story was cutting prices. Reports about removing the differentials on rolls. That is all witness recalls. They were telling their experiences. The reports they had from the Trade but no one suggested anything that should be done about it. Each individual was privileged to do as he liked. Witness told them about his reports to see whether there were any further reports in the market from different sources, and not necessarily to see whether the others would do the same as Paterson did. They all had the same reports on this one item — removing the differentials. Differentials — half a cent a pound. Witness said he would have to do something to protect their business. He does not recall that the others said anything. Witness' Company stood a chance of losing the business. They would know that without his telling them. Witness does not know why he said it to them. He told them that his Company would have to do something to save the business. He told them because he thought they would like to know. Q. Why? So they could act upon it probably? A. Not necessarily. Q. Then why tell them? A. Well, I don't know. Q. What? A. I don't know. Q. Oh, you do not know why you told them? A. Well, I would say I don't know why. Q. Well, why? Tell us why you told them that. A. We thought they would like to know. In the event they had similar experiences he would like to know. They were just talking about the different conditions they had to meet in business. The good of talking about their experiences was to form their own calculations on what to do in the future. Q. Like what, cutting? A. No. Q. What? A. Meeting any such thing. Q. Meeting it, how meeting it? A. By meeting the Story price. Q. By meeting the Story price? A. Yes. They made the same price cut on January deliveries. Witness does not know what Kalamazoo and West Carrollton did on the roll question. Witness' Company met the Story price by giving the customer the same price as quoted by Story. Witness believes the roll prices on their lists were changed the same as his. He believes they did the same thing which he did with regard to their price lists in that respect.

Q. So the result was you three men, meeting together and exchanging information and experiences, then went out and the next time you changed your prices, that is, on the first of January, changed them just the same, did you not? A. Basically, yes. Q. Basically, yes. And you changed the price differen-

tial on rolls before that, did you not? A. We did. Q. And sent out a notice to that effect, did you not? A. Yes, we did. Paterson's notice (of the removal of the differential on rolls) was sent out as a fact on December 5 before the meeting, he thinks. He doesn't know when the others sent theirs out, or whether he saw theirs. It was reported through witness' agents that they had.

Zellerbach Paper Company referred to in Ex. P-16, Cox to Cashmore, November 15, 1927, is a large distributing house on the Pacific Coast for papers of all kinds. November 15, 1927 they were selling witness' parchment. He doesn't know whether they were selling parchment of the two other members. They were not selling Paterson Co.'s parchment on commission. They were buying at wholesale prices with no discounts and selling at their own retail prices on their own list. They had been paying full list prices. Witness will check up from the books and reply later. Zellerbach wanted the exclusive sale on the Pacific Coast. Witness had not given it and did not. His concern had no agency there and sold only through jobbers. They had an office there. They continued to sell Zellerbach. Witness does not know whether Story sold them anything. He knows nothing about it and had no information that they did. He thinks he had the letter of November 15, 1927 with him at the Cincinnati meeting. He did not show it or tell about it.

Hollis & Duncan was a customer of Paterson in Chicago. A jumbo roll is a term used for a large roll, commercial roll, running probably 15 or 20 pounds in weight. In Ex. P–17, Cox to Paterson Company, November 17, 1927, in which Cox states that Hollis & Duncan insist on no advance in jumbo rolls, the writer referred to the differential on rolls, that is, the higher cost of rolls over paper sold in sheets. Witness does not think he had this wire of November 17 with him at the December meeting in Cincinnati, but he told the others there that Story had been eliminating the roll differential and that this involved the Paterson Company's doing the same thing; that is, to sell rolls and sheets of the same weight at the same price instead of charging half a cent more per pound for rolls.

The witness examines Ex. P–19, Paterson to Cox, November 18, 1927, and Ex. P–20, Cashmore to Cox, November 18, 1927, the first of which contains instructions to "maintain price differential on jumbo rolls to Hollis & Duncan, guaranteeing refund should conditions force us to meet this competition," and the second of which reads "meet Story price to Hollis &

Duncan." Witness does not know whether he sent this second wire after conference with other officers of Paterson. Ex. P-18, is confirmatory house letter Cashmore to Cox, November 18, 1927, in which he says "I am leaving for the West, Sunday, the 27th, and expect to be in Chicago for a few hours on Monday night and Tuesday morning when I will have something more definite on this and other matter." Witness does not know what he expected to have more definite on the Story matter. He does not recall. He does not know that it has any significance. He does not recall anything. He did not, in point of fact, go to Chicago on November 27. He was probably planning to go there then but something came up to defer the trip for some reason, and the December 5 trip was the one which he referred to in that letter, only it was postponed. The December 5 trip, therefore, was the one on which he met the representatives of the Association. This was not necessarily, however, what he referred to when he said in his house letter, "I will have something more definite on this and other matter." He does not believe and does not recall that when he wrote that he meant that he would have something more definite after he had met his associates in the Parchment Association. He does not know what the passage in the letter refers to and cannot recall. He cannot suggest anything else that it refers to except that he was going to meet these associates other than that he might have formed some definite idea what to do in the situation as a future policy. He does not know whether at the time he wrote the house letter he was planning to meet his associates. He does not know how he arranged to meet them on the 5th. There is no correspondence on it. The meetings between the associates were arranged by telephone usually. With respect to the December meeting, Southon called by telephone and asked if witness was going out that way. Southon did not say he wanted to talk about the Story competition but that was all they did talk about when they got there.

Witness' attention is called to Ex. P–21, November 18 wire, Cox to Cashmore, reading "Hollis & Duncan will give us their nine thousand pound Jumbo roll order today providing he finds our two competitors also refuse to meet Story's proposition. I trust you are sure of what the other two will do." The other two referred to in this wire were Kalamazoo and West Carrollton. They were the companies whose representatives he met on December 6. He did not ask them what they were going to do.

He did not care whether or not the other two would stand by him. Witness was going to meet the Story price whether the others did or not. Q. Even if they were willing to stand out with you on the old prices? A. I didn't think anything about it. Q. So all of this telegraphing from your man, was something you didn't care anything about? A. That was only his suggestion.

The substance of what the witness had heard was that the Zellerbach Paper Company had an offer from Story to undersell witness' concern five percent, and they said that they would like to be made sole agent. That and Story's Hollis and Duncan offer was all the competition that witness had had with Story at the Cincinnati meeting. At the meeting witness told them Story had offered to do away with the differential and witness would have to meet them. Witness had met the Story price. Witness had heard up to that time of their approaching others through the Institute. There was not any talk about the possibility of dropping witness' price as much as a cent. There was no talk on December 5 about dropping it at all. The talk was generally about meeting the competition. The others did not tell witness of any specific instances of Story having made an offer to any specific person. Witness had something definite, — Hollis and Duncan. He told them that he had met it.

Chace who wrote Ex. P–22, December 6, 1927, Chace to Mayer, is witness' concern's Boston representative. Witness' new price on rolls was established December 6. Asked whether that was the very day that they met in Cincinnati, witness answered that he thought they met on the 6th. He was not sure whether it was the 5th or 6th. He doesn't know how soon after the meeting the new price was fixed. The jumbo differentials was fixed before. Witness' circular to the Trade on this was December 5 (Exhs. P–23 and P–23A). It took off one-half cent differential on rolls.

In January 1928 witness' Company did not take orders from any of its customers less than the list prices except the four big packers, Swift, Armour, Cudahy, and Wilson. They have a special price. They sold all of them except Wilson in January. The witness presumes that the other Parchment Association members sold Wilson, and Cudahy. He doesn't know about Swift. He did not suppose that they had the whole of Swift's

trade. The big four had a price of one-quarter of a cent less on everything than the basic list prices, with a corresponding calculation for the built-up prices. The difference would be one-quarter of a cent a pound on the number of pounds that went in. This differential had been in existence for many years. Paterson had besides its wholesale price list another list of prices for resale. This price was a cent more on the base than the wholesale list price. Paterson sold jobbers on the wholesale base. Those who were not jobbers nor large users paid one cent more than the wholesale price. These four packers paid one-quarter of a cent less than the wholesale price.

The American Institute of Meat Packers consisted of some two hundred or three hundred packers. One of their functions was a collective buying agency for smaller packers. Witness' concern did not sell to the Institute. He had never heard whether his associates did. He imagines that his Chicago office did solicit the Institute. They had sold to the individual members of the Institute at list prices. In February 1928 he thinks that his concern received orders from Armour or Swift at less than list prices less one-quarter of a cent. They did not begin accepting orders at the prices which were later established as of March 9; he is sure. The first one giving an additional two and one-half percent discount is dated in Parsons, Kansas, February 8, 1928, in Chicago, February 13, 1928, and stamped in Passaic, February 16, 1928 (Ex. P–51). From the time of the above order this two and one-half per cent discount appeared on all orders received by Paterson from any of the big four packers until the discount was increased to five per cent, as appears later, which discount in turn continued until the price list of March 9 went into effect. These discounts (two and one-half and later five per cent) did not apply to printing.

The big four packers also got the one-quarter cent discount. The other packers did not. There was no publication of this concession. Witness understood that the other members of the Association gave the same concession. So far as he knew, the prices of each member of the Parchment Association to the big four packers was the same and the discounts given to them have been the same so long as he had known about the prices to them.

When a new price was announced it was applied to shipments subsequently made on orders which had been received before the announcement.

It was one of the witness' duties to find out the prices at which competitors were selling. He had their price lists so he

could know what they were selling and if they were cutting under it at all he was anxious to know that. Giving the new price on future shipments pursuant to earlier orders was general and so understood by customers. It was an old practice.

The new price list went into effect March 9, 1928. They made no general authorization of the five per cent discount. Swift sent in an order with the five per cent discount and it was accepted. That was a discount to equalize the discount Story was giving through the Institute, or Story direct. It was what witness understood was Story's price. Witness' Company gave it only when demanded — when they were told that Story was giving it. It was a special discount to meet Story's discount so as to keep the business. When witness was in Chicago, where he arrived February 11, 1928, he authorized the two and one-half percent discount, not the five percent, to any customers that demanded it, having reference to Story's. He authorized this to Mr. Cox. On February 11 Cox told witness that the other members of the Association were giving two and one-half per-cent discount. Apparently Cox had just heard this when witness got there. He asked Cox to verify it. He learned about it through Swift's buyer Gramer, only. Witness did not see any of the customers himself while he was there. He did not see Gramer. He did not see nor talk with any salesman of the other associates. All that he learned about it was through Gramer, — what he told about what the others were doing. Witness' attention is called to the fact that on Exhibit P–51 the Swift order bearing date at Parsons, Kansas, February 8, was a discount of two and one-half per cent. Witness testifies that it is not a fact that the two and one-half per cent discount was arranged before he went out to Chicago. The two and one-half percent discount followed immediately witness' visit to Chicago. The five percent discount was not authorized except as it appeared on the Swift orders. Exhibit P–51 was the first two and one-half per cent discount order. It had not been arranged before witness went to Chicago. Swift had put it on the order. On witness' arrival in Chicago February 11, Cox advised that the packers had been given two and one-half percent discount by Kalamazoo to meet Story's discount. Witness asked Cox to verify it, which he did by calling Gramer on the telephone. Gramer said that it was true; that that was his understanding. Witness does not recall that West Carrollton was mentioned.

Witness said his Company would have to do it, too, and to let Mr. Gramer have it. That was all the conversation. Nothing was said about making further reductions.

Witness met their San Francisco representative, Gray, in Chicago on December 2, 1927 to discuss general conditions and problems of the Pacific Coast trade. Witness doesn't remember anything specific except Story that he talked with Gray about. He can't remember what was said about Story. That was the object of his meeting Gray, — to discuss his letter of November 15, 1927, and Zellerbach's demand for an exclusive agency. Witness was in Chicago on three days. Asked how soon after that he met any members of the co-called Parchment Association, he states that as near as he can now recall it he met them at Cincinnati before going to Chicago. The witness' attention is called to his previous testimony that the meeting with the associates in Cincinnati was December 5 or 6. Witness thought the other day that it was the 5th or 6th. He thinks he went to Cincinnati before his interview with Gray. Southon telephoned witness at Passaic. He said there were some matters "that we should talk about, let us get together." He intimated that they had some information in reference to Story's arrangements with the exchange. Witness was in Chicago December 2. Witness did not tell him that he had a letter from Gray. He did not show them the letter or tell them what was in it. He kept secret about it. Witness did not tell him he had any information about the exchange. Zellerbach did not have to do with the exchange. Witness did not say anything to Zellerbach about any communication he had had. He listened to what Southon told him. He did not tell him he had met Gray in Chicago or was going to. Witness thinks he met Gray before the Cincinnati meeting.

Q. What made you think it was the 5th or 6th when you testified a week or two ago? A. Somewhere early in the month. Q. Why did you pitch on the 5th or 6th. A. I don't know. Q. You can not give me any intimation as to why you pitched on those two days? A. No. Q. Now, you sent out on December 5th a notice of reduction of prices in connection with differentials on rolls, didn't you? A. Yes. Q. Wasn't that after you had met these two men, Southon and Moyer? A. Yes. Q. And it was right after you had met them, wasn't it? A. Yes. Q. And isn't that why you fixed on the 5th or 6th, or 6th, as the day you met them in Cincinnati? A. No. Q.

What was the thing in your mind that let you to pitch on those dates? A. It was the early part of the month. I was guessing at the date. Q. You hadn't any doubt about its being the 5th or 6th when you testified? A. I said "about." Q. Let us see whether you said "about." "I think December 5th or 6th." What made you think it was? A. I don't know; it was early in the month. Q. Well, the 7th or 8th would have been early in the month, wouldn't it, too, or the 1st or 2nd would have been early in the month? A. Yes. Q. But earlier still in the month you were in Chicago? A. Yes."

Prior to sending the letter of January 11 (Exhibit P-58), witness' Company had a special arrangement with Swift for a great many years on the basis of some change in the Company's published price list. He had never told this to his associates in the Parchment Association. He had kept it secret from them. All parchments, plain and printed, were concerned in the Story competition. Witness did not know but supposed Story were manufacturing circles and linings from the beginning. The modifications to Swift in January 1928 applied to the general price list for printing only which became effective December 11, 1926.

Since the middle of 1927 the witness has not met any officials of Kalamazoo or West Carrollton except Kindleberger, Southon and Moyer. He has met them probably half a dozen times. No records were kept of the meetings. Mr Dohan presided when present. He did not call the meeting to order or take the lead in the conversation. He was not addressed as Mr. President. He didn't really preside. He rather took charge of the meeting; brought them together and consulted with them. The Association had no By-laws or charter or organization. They merely met together when either Mr. Dohan or someone thought they ought to meet to talk about something. That is all he means by "Association." They had no understanding more than when Mr. Dohan or someone wanted to meet and talk with the others, they would come together, and talk about the things they wanted to discuss about or felt it was safe to talk about or that it was legal to talk about. That is all that he means by the "Parchment Association." It had no letterheads, rules, stated meetings, or officers. Mr. Dohan was counsel for all three. He attended nearly all the meetings since the middle of 1927. He was not at Cincinnati.

He saw Mr. Dohan in Chicago; Southon and Moyer were there. This was March 31, 1928. Witness did not meet Dohan in Chicago since the middle of 1927 at any other time.

He met him at the McAlpin in New York. He met him in Philadelphia. That is all that witness recalls meeting him with the others since the middle of 1927. He has been with him and the others in Philadelphia once or twice — in New York two or three times — and in Chicago once. They have not met in Passaic.

Witness has not a clear recollection of what was said at these meetings. The Story competition was discussed at all of them and other things. Trade customs that they had been in the habit of maintaining. He does not recall the details. At one of them there was a reference to the differential of one-half cent they always had on rolls. That was at the Cincinnati meeting in connection with the Story competition. Q. Well, do you remember anything else that was said except about the Story competition in any one of these five or six meetings? A. I can not recall now. Q. Can you recall that anything else was said except in connection with the Story competition at any one of these meetings by any of the men who attended? A. No, I can not recall. Q. Can you recall what was said about the Story competition at any one of the meetings, beyond what you have told us? A. Well, the report we had from the trade as to what they were doing. Q. Who spoke of this? A. All of us. Q. All of you? Who spoke of it first? A. Mr. Southon, I believe. Q. Now, do you remember anything that Mr. Dohan said about the Story competition? E. No. Q. Did he say anything at any of the meetings? A. Oh, I imagine so. I don't know. Q. Can you remember anything he said? A. No. Q. At any one of the meetings? A. No. Q. Well, he talked considerably about it, did he? A. I don't know that he did. Q. Well, didn't he? A. I can't say that he did. Q. What? A. I don't remember those things. Q. Can you tell us a thing that Mr. Dohan said at any one of these five or six meetings, or any of them that he attended? A. No, I can't. Q. Not one word? A. No. Q. What? A. I can not. Q. Can you tell us what he talked about at any one of these meetings? A. I can't remember what he said at any of them. Q. Did he talk about the Story competition or how to meet it or anything like that? A. Not that I can recall. I don't know. Q. Did he make any report of his own investigation or researches with regard to it? A. No, not that I know of.

Q. Well, what did he say? A. I don't know. I can't remember anything that he said. Q. Not a thing? A. No. Q. Although he spent in all a good many hours with your gentlemen? A. Yes. Q. In which you were discussing the matter of this Story co-petition? A. Yes. Q. And you can't remember one word he said? A. No, I can not. Q. Not a one? A. No. Q. Can you remember what Mr. Kindelberger said? Can you remember anything that he said? A. No. Q. Not a word? A. No. Q. Now, you can't remember a word that he said at any one of the meetings — I mean, since the 1st of June, 1927? A. No. Q. Not a thing? A. No. Q. Can you remember what Mr. Southon said at any one of the meetings? A. He said he had heard through his Chicago office that Story had had a special arrangement with the American Institute of Meat Packers, whereby they were to broadcast a discount or an allowance to their many members, but that the price was not be be mentioned; that it would be taken care of with a rebate. Q. Was Mr. Dohan present when that was said? A. No. Q. At what meeting was that? A. Cincinnati. Q. At the Cincinnati meeting? A. Yes. Q. Is that all that he said? A. Well, there was probably a lot of it said, but I don't remember any of it. Q. Do you remember anything else that was said? A. By Mr. Southon? Q. Yes. A. No. Q. I am trying to follow through these different members. You don't remember a word that Mr. Dohan said at any of these meetings? A. No. Q. Or any subject that he discussed? A. No. Q. You don't remember anything that Mr. Kindelberger said at any of the meetings; is that right? A. No, I do not. Q. How many of the meetings did he attend? MR. McCLENNEN: You still mean from June 1, 1927? MR. WHIPPLE: Yes, nothing else; June 1, 1927. Q. How many did he attend? A. I don't believe he was at any. Q. Have you told all that you remember that Southon said? A. As far as I can recall now. Q. Now, you have told us one thing that he said at one meeting, and that was at the Cincinnati meeting; is that right? A. Yes. Q. And that is the only thing you can remember that was said; is that right? A. Well, it is hard to remember the details of these things. Q. I am not asking the details. I am asking you anything that you remember that he said. A. No, I don't remember anything else that he said. Q. Nothing else? A. No. Q. Do you remember anything that Moyer said at any of these meetings — five or six of them, I think you said? A. At any one of them? Q. Yes. A.

He mentioned at one that the Story Parchment company were making a price to the Best Food Company, one of his customers, below the price he was selling, evidently giving them a discount. Q. When did he say that? A. I don't remember at which meeting. Q. Was that at Cincinnati? A. No, I don't think so. Q. What did Southon say when he said that? A. I don't know that Southon said anything. Q. What did you say. A. I don't know what I said. Q. Was Mr. Dohan present when that was said? A. I think so. Q. What did he say? A. I don't know. Q. And you can not tell at which meeting it was? A. Not definitely, but I think it was the meeting at the McAlpin. Q. The meeting at New York? A. Yes. Q. Can you remember anything else that Moyer said at any one of the meetings? A. No. Q. Not a thing? A. Nothing specific. Q. Your mind is a perfect blank on that? A. Yes. Q. Although at the McAlpin you spent two or three hours? A. Yes. Q. Can you remember a thing that Southon said at that meeting? A. Yes. Q. What? A. He mentioned that Armour had a lower price on printing. Q. Well, now, that is the second thing you remember that Southon said. A. Well, that was another meeting. Q. Now, I asked you for all the meetings, anything that Southon said at any meeting, and you told us that there was nothing said about the Institute at the Cincinnati meeting. A. Yes. Q. Had you then forgotten that he said something at the McAlpin meeting? A. I inferred that you referred to the Cincinnati meeting. Q. I am referring to any meeting. Now, tell us anything that Southon said at any one of these meetings, up to this month, — since June 1, 1927. Tell us anything else that was said. A. He said that with that printing price Armour had, their business had been lost, as he thought. Q. That is what Southon said? A. Yes. Q. He said they had lost their business with Armour? A. Yes. Q. Is that right? A. He said he thought it had been lost. Q. At which meeting was that? A. That was the McAlpin meeting, I think. Q. What did you say when he said that? A. I didn't say anything, as I recall. Q. All right. What else did you hear Southon say at any one of these meetings besides what you have told us — these three different things, if there are three — two or three. A. I don't recall anything specific. Q. Now, do you recall anything else that Moyer said at any of these meetings except the one thing that you have told us, which you said he said at the McAlpin meeting? A. On that same subject, he said he was going to meet it. MR. McCLENNEN: Moyer said he was going

to meet it? THE WITNESS: He said he would meet the price that had been made by Story. Q. What did you say about that? A. I said, "I don't blame you." Q. Did you say, "I would do it myself if I were you"? A. I don't recall. Q. Did he say, "I am going to do it wherever Story hits me", or something like that? A. I don't recall that. Q. Now, anything else that you heard him say — Moyer — at any one of the meetings? A. I can not recall any further statement. Q. What did Mr. Dohan say when Moyer said at the McAlpin meeting what you have just testified to? A. I don't know that he said anything. Q. Well, did he say anything about blaming? A. I didn't hear it. Q. Did he say, "We must not talk about prices"? A. I don't recall. Q. Now, I want you to think about that. He spoke of Story's underselling him to one of his customers, did he? A. Yes. MR. McCLENNEN: Now, you are referring to Moyer? MR. WHIPPLE: Moyer. Q. And he said, "I am going to meet him, meet his price"? A. Yes. Q. You said, "I don't blame you"? A. Yes. Q. Didn't Mr. Dohan say, "You must not talk about prices"? A. No. Q. No? A. Not that I recall. Q. What did he say? A. I don't know that he said anything. Q. What? A. I don't know. Q. What did he say at that meeting? Can't you tell us anything? A. No, I can not. Q. And you have told everything that you can remember that Moyer said at any one of these meetings, have you? A. As far as I can. Q. What? A. As far as possible. Q. Meetings that took hours, occupied hours, different meetings? A. Yes. Q. You have told us everything that you remember that Southon said, have you? A. Yes. Q. And you have not told us a thing that Mr. Dohan said at the meeting at which he attended, have you? A. I don't recall what Mr. Dohan said. Q. Now, do you remember his saying anything? A. I don't remember anything specifically. Q. Do you remember anything in general? A. No. Q. Neither specifically nor general? A. No. Q. At any one of the meetings? A. No. Q. Do you want to think any more about — try to remember what Southon or Moyer said, before we start on to the next, at any of these meetings? A. I don't remember anything more. Q. Well, do you want any more time to reflect? Because I want you to get everything in now instead of coming in at some later date and saying, "Here, I have thought of something more." I want to give you all the time you want to think. A. (No answer.) Q. Would you like to take five minutes or so to think about it? A. I don't seem to recall anything else. Q. Then, you don't want

to think any more, do you? You do not want to search or cudgel your memory any more? You want to leave it as it is? A. I don't know that I can do any more than I have now. Q. Well, you have not any memorandum? A. No. Q. That will refresh your recollection? A. No. Q. Because no memorandum of what was said at any one of these meetings was every kept? A. No. Q. Or any record? A. Not that I know of. Q. No record was kept concerning what was said? A. No. Q. Revealing what was said? A. No. Q. So, you would not get any help in that way? A. No.

He does not remember what Dohan said at any one of the meetings. At Cincinnati witness mentioned the half-cent differential on rolls to Hollis and Duncan. He reported that they had had information from Hollis and Duncan that they had an offer from Story for their rolls at the list price, eliminating the half-cent differential. He told the others of the fact that his Company had it reported to them by their Chicago office. It was a matter of Trade information. He said that Hollis and Duncan had offered the business provided witness' Company met that price. He told them that his Company had done it. Basicly that was a discussion of price — the differential that his Company had always maintained. Dohan had told witness that he must not discuss prices at the meeting. He was not there. Kindleberger was not there. Southon and Moyer did not say he must not speak about prices. He doesn't remember what they said. They didn't say anything about prices when he said he had reduced his. He does not remember anything specific that he said at the other meetings. He doesn't remember what he said at the McAlpin meeting beyond that he didn't blame Moyer when the latter mentioned the reduction in price.

"Q. * * when you knew that you were to become a witness, you thought you would be inquired of about these conversations at these meetings, did you not? A. Well, I don't know as I thought about that. Q. Did you not? A. I don't know that I did. Q. Well, it never had occurred to you to try to refresh your recollection as to what was said at these meetings, or any of them? A. No. Q. I see. So you have never tried to remember anything with regard to them, what happened at the meetings, what was said at the meetings, have you? A. I have not done anything special to do it."

The Chicago visit in which the witness arrived there February 11 lasted about Chicago for about a week. He went to Omaha, back to Chicago, to Detroit, and home.

The first order on which the five percent discount appears was dated at Hutchinson, Kansas, February 22, 1928, without any price or discount in the original typing. It is dated in Chicago in Swift's typewriting on March 1, 1928, and in the same type has the fifteen and one-quarter percent price and the five percent discount. It is stamped as received into the Passaic office March 5, 1928, and credit O.K.'d that day

On the February 11 visit witness was not at Chicago very long. He was one day in Omaha. He saw Kennedy and Parsons and Fairmount Creamery Company. Fairmount Creamery Company reported having a proposition from Story. Witness had gone there on general business because Fairmount Creamery Company was talking about a proposition they had from Story. He went out on account of the Story competition. They told him that they had a sample of the Story parchment which they had tested in their laboratory, on which the laboratory had reported satisfactory, but that he had had a better price which would make it attractive to them — better than the price witness' Company was charging. Witness was charging the list price without any discount. They stated that Story had some method by which they could more easily parchmentize their sheets; some method which would be more rapid and a better parchment paper and make assured the absence of acid on their sheets which appeared very attractive to them. Witness told him that they did not think he would find any acid on their sheets. He doesn't recall anything further. Cox was with him. He did not say anything about reducing prices. He had gone on other matters with Kennedy and Parsons — some grievance over a sale witness' Company had made to a jobber in their territory. Kennedy and Parsons were their distributing agents out there. He had no talk with them about Story except the same as the Fairmount talk. The Fairmount Creamery received their supplies through Kennedy and Parsons. Parsons mentioned that Story had been in there. Nothing was said about prices. Kennedy and Parsons handled the business of the Fairmount Creamery at witness' Company's regular jobbers' prices and received a commission of five percent off those prices. They had all the creamery business in that locality. Witness' company gave the creamery supply

dealers jobbers' prices with five percent off where it was necessary for them to sell at jobbers' prices. In other cases, they gave them nothing off. They got their compensation by selling at Paterson Co's. retail list. Before going to Omaha, witness called in Chicago upon Creamery Package Company with Cox. They are a distributing house customer of witness' Company on regular terms. They did not have the five percent off regularly, except in cases where they had to supply large creameries or large customers at the jobbers' prices. They were a jobber. Cox was making a regular call. Witness does not recall that there was a discussion about Story. He doesn't remember seeing anyone else during that week. He was spending his time in general discussion with Cox. They had a great many things to discuss. He doesn't recall anything else about Story.

On witness arrival in Chicago, Cox advised him that Kalamazoo had authorized two and one-half percent in the Stockyards, he getting his information from Swift's buyer, Gramer. Witness asked him to verify it, after which Cox called Gramer. Gramer reported that it was so; that that was the arrangement as he understood it. Kalamazoo had authorized it in the Yards to meet Story. It was understood that it was Story's two and one-half percent that was being discussed. Cox told him that was the general quotation in the Yards; that Story were quoting two and one-half percent in the Yards. Kalamazoo had authorized the same quotation — two and one-half percent off the list price. Witness understood it only involved the big packers then. There was the general impression that Story had been giving the one-quarter cent off and two and one-half percent besides. He supposes all the big packers and Kalamazoo and West Carrollton knew of the one-quarter cent witness' Company was giving Swift. Witness didn't know whether Story knew it. He thinks they were told that Story was giving the one-quarter cent private discount to the big packers. He does not remember whether Cox said so. Cox asked what he should do about it. Witness said to do the same thing. At Detroit, witness' distributors, Harwood and Ladd, said they had lost considerable business to Story, and that he hoped to be able to make it up by an increase somewhere. Witness authorized no concession in price. He did not tell them what he had done in Chicago. That is all the conversation that he recalls in Detroit about Story. Witness' Company were selling Harwood and Ladd on the regular jobbers' terms with five percent off when they had to sell at wholesale. They took

their word for when this was. His best recollection is that he did not see Swift's buyer, Gramer, in Chicago. He went home from Detroit and next went West at the end of March.

He went to Chicago December 2, 1927. He thinks the meeting with Moyer and Southon at Cincinnati was December 1. Witness' Company's reduction in rolls was announced December 5, just four days after the three men met. He doesn't know whether the others did it simultaneously. The talk December 1 was about the Hollis and Duncan jumbo rolls proposition. Witness does not recall whether he told them that he was going to reduce. He thinks he can say that he did not. He presumes that the others reduced on rolls shortly after the meeting. He told them December 1 that he had met the Story price to Hollis and Duncan. "Q. Did you tell them you were going to make — then you talked about prices, did you not? A. On the differential. Q. Well, that is price, is it not? A. Well, it is a differential price, yes. Q. Did Mr. Dohan tell you that you could talk about differential prices and agree on them? A. Differentials, yes. Q. He advised that you could talk about abolishing differentials, even though it would reduce prices? A. Yes. Q. So that while you could not talk about prices at these meetings, you could talk about a differential that would reduce a price? Is that as you understood his advice? A. Talk about differentials, yes. Q. Well, abolishing differentials reduced the price, did it not. A. Yes. Q. And he told you while you could not talk about reducing a price, or about prices, you could talk about abolishing a differential that would reduce the price? A. Yes. Q. You are quite sure of that? A. I feel sure of it. Q. So that you were entirely at liberty to talk with them about the differential, or abolishing the differential, and thus reducing the price? A. Yes. Q. And you did? A. Yes." He told them what he had done. They had abolished it to Hollis and Duncan. He felt that he had a perfect right under Dohan's advice to talk freely about that. He does not know that there was any discussion about abolishing with all customers. He had a right to discuss it, and to advise them that he was going to. If they saw fit they had a right to tell him that they were going to abolish differentials, which was a reduction of price. The differential was this: that they charged more for rolls than for sheets. The differential was based on the extra labor of re-winding and cutting the rolls. Rolls cost more than sheets because on re-winding there was only one roll that goes through at a time. That is the only reason they charged

more for rolls than sheets. He had been advised by Dohan that he had a right to discuss abolishing differentials. He doesn't know that Dohan said anything about whether he could agree to abolishing differentials. He did not know whether he had a right to agree to abolish a differential. He thought he had a right to merely abolish the differential with his associates. He felt at liberty to discuss abolishing it and agree to abolish it if it seemed to be the wisest thing to do. He so understood Mr. Dohan's advice. He did not state this to Southon or Moyer. It was not talked of. The differential was talked about only that his Company had abolished it on Hollis and Duncan. He doesn't think it was said that he thought of abolishing it to the entire Trade. How it happened that just as he got back he abolished it was that he had other reports from Boston and elsewhere that it was being abolished there. He cannot tell how it happened that the others abolished it. He learned that the others abolished it promptly. He does not know when. Asked how long before January 2 it was that he had communicated by telephone or letter with Southon or Moyer, witness testified that it was two or three days before if he remembered rightly. On that occasion Southon told him that Kalamazoo was going to put out a new list. He did not say what Moyer was going to do. Witness did not talk with Moyer. Witness told Southon he could not do anything else. Witness' Company put out their new list January 3. Moyer's Company put out one effective the same date. Witness' was sent out January 3; had been in process of preparation two days. He had not begun before Southon's telephone. Southon said they were going to drop one cent.

There were additional letters of November 15, 1927 from Gray to Cashmore; one of these was one of the things that Cashmore went out to see Gray about in Chicago. There were other matters besides. He talked with Gray about Pacific Coast rates referred to in the letter, Exhibit P-64. These were freight rates. There had been talk about an increase. They had not been increased. It was a proposal to increase steamship rates fifty percent. Witness wanted Gray to get the reaction of customers on having them absorb the increase out of their profits, and not increasing the price to the retail customers. He doesn't know whether the question of their raising the price to their customers was considered. Witness wanted to get the reaction of their customers. He doesn't recall whether he talked with Gray about the effect Story's attitude would have on increasing the

price to customers. He did not want to increase the prices to the Trade in view of Story's competition. He had in mind reducing prices when necessary.

Zellerbach had the five percent arrangement whereby if they sold to jobbers or at jobbers' prices they got five percent. It was only the goods that they bought for resale at a profitable price that they paid list prices. The list of jobbers who got such a discount is as follows:

Prior to November 1, 1927.

N. A. Kennedy Supply Co., Kansas City, Mo.
Kennedy & Parsons
J. W. Ladd Co.
Meyer Blanke Mfg. Co.
Phoenix Feed & Seed Co., Arizona
Zellerbach Paper Co., San Francisco, Cal.
Creamery Package Co., Chicago, Ill.
Bessire & Co., Memphis, Tenn.
Dwight Bros. Paper Co., Milwaukee, Wis.
Blake, Moffitt & Towne, San Francisco, Cal.
Oakes & Burger Co., Cattaraugus, N. Y.
Stimpson & Co., Boston, Mass.
H. H. Post, Denver, Colo.

These names are included again in the list of those who received first three percent and then five percent. The following list shows the date of the three percent and of the five percent.

J. G. Cherry Co., St. Paul, Minn. 3%, 11/7/25, 5%, 3/1/28
Dairy Supply Co., Minneapolis, Minn., 5%, 5/25/28
N. A. Kennedy Supply Co., Kansas City, Mo., 3%, 2/9/25, 5%, 10/30/25
Kennedy & Parsons, Omaha, Neb., 3%, 10/21/26, 5%, 4/28/25
J. W. Ladd Co., Detroit, Mich. 3%, 5/18/25, 5%, 7/31/25
Meyer-Blanke Mfg. Co., 5%, 10/21/26
Phoenix Feed & Seed Co., Arizona, 5%, 12/2/26
Irwin Paper Co., Quincy, Ill., 5%, 12/13/26
Zellerbach Paper Co., San Francisco, Cal., 5%, 7/29/27
Creamery Package Mfg. Co., Chicago, Ill., 5%, 11/23/25
Bessire & Co., Memphis, Tenn., 5%, 3/16/27
Dwight Bros. Paper Co., Milwaukee, Wisc., 5%, 11/17/26

Blake, Moffit & Towne, San Francisco, Cal., 5%, 3/20/27
Oakes & Burger Co., Cattaraugus, N. Y., 5%, 12/18/25
Phillips & Buttorff Co., Nashville, Tenn., 5%, 1/18/28
Stimpson & Co., Boston, Mass., 5%, 9/13/27
H. H. Post, Denver, Colo., 5%, 3/22/27.

In the sentence "It occurs to me that we must expect stiff competition from the Story people and be prepared to meet any emergency that might arise." in his letter of January 12, 1928 (Ex. P-65) he did not know what emergency he thought might arise. He does not know as he had anything in mind. He does not recall the possible emergency which he thought they might meet and wished to be ready for "any similar emergencies that we have had in the trade before." eliminating differentials or anything of that sort — threatened competition. They had had no competitors except their associates in the Parchment Association. The other competition had been dealt with as emergencies. They had to wait until it arose first. They did not begin to prepare to meet it. Witness had already called his associates together. He doesn't know what Dohan did looking up Story. Possibly he had conferred with Dohan about it. He doesn't remember that he asked him to look it up. He does not remember writing that he wanted to have Mr. Dohan's wise counsel about meeting competition. He doesn't remember writing Exhibit P-66 of November 22, 1927. Asked why he wanted a lawyer's advice about meeting the competition, witness answered that he did not know. Asked what a lawyer could do to help him about meeting competition, witness answered: "Only that he knew the parchment conditions. * * * Q. What did he know about parchment conditions that you didn't know? * * A. Well, I don't know what he knew that I didn't know. * * * Q. Well, how could a lawyer help you? How did you think he could? A. Only by reviewing the conditions generally. Q. Well, what conditions? A. All conditions, what it might amount to. Q. How, what it might amount to? Tell us how you thought a lawyer could help you, or give you wise counsel as to this competition. A. Only through experience. Q. What? A. Only through his older experience. Q. Was he older than your President, Mr. Brunner? A. No. I don't know their ages. Q. Or your Vice-President? A. No. Q. Is that all the explanation you can give about why you wanted to see a lawyer when you heard that someone in Michigan was starting competition? A. I think so. Q. Didn't you want him to look them up and find out everything he could

about it? A. I don't recall whether I did or not." He knew that Dohan was also lawyer for the Kalamazoo Company. He doesn't recall whether he wanted him to look up and find out everything he could about Story competition. Dohan was also lawyer for West Carrollton. He expected to have him look up the new company. See what he could find out about how to meet their competition. He doesn't know whether that was part of the preparation to meet any emergency that might arise, referred to in his letter of January 12, Ex. P-65. Story had not gotten into business that witness knows of before November 22. He presumes that he consulted his lawyer as soon as he heard they were thinking of going into business or preparing for it. He doesn't recall seeing Dohan's letter of May 2, 1927 (Ex. P-67). He presumes he saw it when Dohan sent him a copy. Cox told witness Koch was very enthusiastic after consulting with Levin. He didn't say anything that Levin had said. He supposed that Levin was a good talker. Cox knew Levin. He told witness that Levin was a good talker and had a great amount of enthusiasm for everything he entered into. Cox said he was with the Kalamazoo people for some time and represented them on the Pacific Coast at the time Cox represented Paterson on the Pacific Coast. He knew that Levin was a man experienced in vegetable parchment with Kalamazoo. Cox told witness Levin was enthusiastic about the development of parchment paper on the Pacific Coast. Witness assumed that Koch's enthusiasm for Story was the result of his being fed up with Levin's line of talk about the possibilities of parchment.

In the statements of Paterson Co.'s costs (Exs. P-31 to 50) depreciation and taxes are included in the cost of sales.

Hollis and Duncan had been regular customers of Paterson. Not exclusively. They made paper bags. They bought parchment at jobbers' rates. First time they called to witness' attention that Story was selling rolls without the differential was by a telegram in connection with Hollis and Duncan; thus witness learned that Story had offered Hollis and Duncan the rolls without the differential. He was informed as early as he received the letter of November 18 from Cox (Ex. P-296), that Paterson's salesman had been in communication with Greenlee, the salesman for Kalamazoo, and Moody, the salesman for West Carrollton, on the question of whether to allow the differential on rolls. We were to have the old price from Hollis and Duncan, provided Kalamazoo and West Carrollton agreed they wouldn't break the

price. Witness realized when he got this letter that his salesman had agreed with Greenlee and Moody that they wouldn't break the price, — at least to Hollis and Duncan — so that Paterson could get the order without waiving the differential. He thinks Hollis and Duncan confirmed the order later in the day. Witness did not send the telegram of November 18 (Ex. P-19) to maintain the differential. That telegram was sent by one of the corresponding executives in the salesmen's department. Witness hadn't found out then whether Hollis and Duncan would stand by their agreement to give the order without waiving the differential. Cashmore did send later in the day the telegram to Cox (Ex. P-20) to "meet Story price to Hollis & Duncan." The change was because they had another telegram which stated that if Paterson were no higher they could have the order. Exhibit 19 was sent before Exhibit 20, not by witness.

"Q. Now what was it that caused you to break the price after you had received the telegram, stating that you could have it at the old price, if your competitors, KVP and West Carrollton agreed to stick? A. We had no knowledge of any one agreeing to stick. We were afraid that some one would break the price. Q. In the letter of November 18th, when you received it, you saw that the salesmen of these two companies had agreed to stick, didn't you? Mr. McCLENNEN: Now, directing his attention to something that must be November 19th or thereafter. Mr. WHIPPLE: Yes. Q. You noticed that in the postscript, didn't you? A. Yes. Q. Didn't Cox inform you of that by telephone? A. No. Q. Did you in the meantime use the telephone to confer with any official of Kalamazoo or West Carrollton? A. No. Q. Can you produce your telephone charges for that day? A. I think so. Q. Will you look to see whether you did use the telephone? A. Yes."

Referring to witness' letter to Cox of November 18 (Ex. P-18), which states: "I am leaving for the West, Sunday the 27th and expect to be in Chicago for a few hours on Monday night and Tuesday morning, when I will have something more definite on this and other matters." — witness stated that he did not go to Chicago at that time but that he went later, — on December 1, to Cincinnati, where he met Southon and Moyer and told them what Paterson had done on the matter of differential on rolls. They did not tell him what they had done. He doesn't recall that they said they would have to if he had. "Q. Was that the object of the meeting, to tell them what you had

done? A. Not necessarily. Q. If you did it November 18th, do you suppose they hadn't heard of it before December 1st? A. They may have. Q. Did you ask them whether they had heard of it? A. I don't recall that I did." He doesn't remember telling them anything except that they had met this Story competition, — the differential on rolls. He told them that Paterson had heard from Chicago that Story were offering to supply Hollis and Duncan on the rolls minus the differential and that Paterson had met it. He remembers nothing else in this one or two-hour conversation. He doesn't remember asking them whether Cox's statement in his letter of November 18 was true. It was quite likely that they talked about the import situation. It was very keen at that time. He doesn't remember anything specific about it, or a single thing that was said in substance about it.

Southon told witness that he had heard from Chicago about the arrangement that Story had with the Institute. "Q. Did they tell you that Story was going to sell to the Institute of packers, at the same price you were then selling to the big packers, that is, giving the same discount that you gave to the Big Four, you remember that? A. No, it was plus some rebate of some sort." He didn't know what rebate. Paterson was selling big packers one-quarter of a cent below list. It was no rebate. They refused to give it to the Institute. Paterson was giving something off the price to Swift. Paterson and Kalamazoo were giving something off the price to Armour. Story was giving more off to the Institute, Southon told him. That is all he remembers.

Nothing was said about price for the coming year except that Southon said that it was his opinion that Kindleberger was thinking about reducing the price. Witness didn't say anything. Witness did not say whether he was thinking about it or not. He was not thinking of reducing. He doesn't know that anything was said by Moyer. When Southon said that Kindleberger was thinking about reducing prices the first of the year, witness did not say anything that he can recall. He did not ask Southon why Kindleberger was thinking about it and he himself did not understand why Kindleberger was thinking about it. Witness did not think his Company was then making too much profit at the prices which they were then selling. He did not think their profits were excessive. He knew a reduction would reduce profits. He did not tell Southon that he did not think Paterson was getting any too big profit as things then were. He

did not ask Southon if Kindleberger thought he was making too much money. He does not know how soon it was after they talked about the Story competition that Southon said Kindleberger was thinking of reducing his price. He does not know whether the conversation was within the same hour. He has no recollection of that. He doesn't remember how long the talk was — an hour or two. He doesn't remember whether the Hollis and Duncan talk or Kindleberger thinking of reducing prices came first. He does not know what Moyer said when the remark was made that Kindleberger was thinking of reducing the price the first of the year; he does not remember his saying anything. He did not hear Moyer say that he thought their then profits were excessive. Nothing was said about the cost of the raw material being less than it had been that witness knows of. Whether it was in fact any less, he does not remember. Nothing was said about the cost of manufacture or the cost of labor being any less. Nothing was said that the witness remembers about any of the costs of manufacture or materials being less, as a reason why Kindleberger thought of reducing the price. Asked whether he thought at that time that Paterson's prices ought to be reduced, witness answered that he did not know as he thought anything about it. He does not know whether it occurred to him to think whether Paterson ought to reduce its prices when he heard that their friendly competitor was thinking of reducing theirs. He did think that Paterson would have to reduce its prices if Kalamazoo did. He did not think that they were too high and ought to be reduced. It did not occur to him that present prices were too high and giving him an unreasonable profit. He thought the profits were reasonable and proper and not excessive. He didn't know of any increase in costs of production — or decrease. He would not want to say that a reduction of one cent would cut profits in two. It was a quite substantial reduction. and was bound to affect substantially their profits which at the time he believed were none too large. A reduction of two cents would still more seriously affect the volume of their profits. He did not have a calculation made as to whether it would entirely wipe out his profits. So far as he knew, no one made such a computation. He didn't know when they made the second reduction whether it would entirely wipe out profits. He knew it would reduce them to a narrow margin — narrower than he felt they ought to be in fairness to its company and its stockholders.

Witness thinks he saw some reference to Kalamazoo sending out notice waiving the differential on rolls the day after Southon got back from the December 1 meeting in Cincinnati. Prior to the meeting Paterson had already done it to get the Hollis & Duncan order but had not done it for anybody else. After the Cincinnati meeting, on December 5, Paterson Co.'s announcement was made. That was the day after witness got home from Cincinnati. He doesn't know whether West Carrollton did the day following. He has not heard whether they did or not. Witness was in Chicago with Gray and Cox on December 3 and 4, and on the day he got home, December 5, sent out the announcement. At the time of the Cincinnati meeting Paterson had waived the differential to Hollis & Duncan but had not made it a general policy. Witness did not say at the meeting that Paterson was going to make it a general policy. The others did not say that they were going to and no agreement was made about it. But the day after witness got home he sent out the notice and he also knows that Southon did so. Whether Moyer did or not he does not know but presumes that he did presently. He is nevertheless sure that nothing more was said on the subject in the meeting except what he has testified.

Witness' attention is called to Ex. P-296½, Cashmore to Cox, November 21, 1927, in which witness writes: "In reading your letter, I note with interest that you have been in touch with both Mr. Greenlee and Mr. Moody and apparently they have had word to stand pat on the differential." He was interested in that fact but still thinks that the subject was not mentioned at the Cincinnati conference of December 1. Witness' attention is called to the statement in the letter "This is alright as it is agreed to meet this competition where necessary for the time being until something definite may be determined." "Q. * * * Agreed by whom? A. By ourselves. Q. Who is 'yourselves'? Tell us. A. Our company. Q. With whom had you talked it over? A. Talked it over in our meetings with our other officers. * * * * Q. '— it is agreed to meet this competition where necessary for the time being': what did you mean by 'the time being'? A. Until other circumstances come up, I suppose that is what it means. They were going to meet it for the time being by reducing prices to meet competition. They hoped to maintain their differential. They couldn't as long as they had the competition. "For the time being" meant while they had competition. He didn't know whether they could come back again or

not when they didn't have it. Asked whether that was what he had in mind when he said "for the time being", witness answered that he did not know that he had that in mind. Q. Now, the finishing sentence is: "This is all right as it is agreed to meet this competition where necessary for the time being until something definite may be determined." Determined by whom? A. By ourselves. Q. By yourselves? A. Yes. Q. What was it that you were going to determine definitely by yourselves? A. I don't know. Q. Let me call your attention to your letter of the 18th, Exhibit 18, in which you say to Cox: "I am leaving for the West Sunday, the 27th, and expect to be in Chicago for a few hours on Monday night, and Tuesday morning, when I will have something more definite on this and other matters". You meant the same there as you did when you said that the reduction of the price "for the time being until something definite may be determined"? You meant the same thing by both of them? A. I presume so. Q. Now, you didn't expect to be in Chicago until after you had been in Cincinnati, did you? You didn't go to Chicago until after you went to Cincinnati? A. No. Q. Well, now, something definite was to be determined before you got to Chicago, at Cincinnati? A. No, not necessarily. Q. You were going to Cincinnati, and were going to meet these two other gentlemen, before the something definite could be announced to Cox? A. I was going to Chicago. Q. But you were going to Cincinnati first? A. That was arranged afterwards. Q. That is right, you arranged it afterwards. And what you told Cox about telling him something more definite on this Story Parchment competition was told after you had been in Cincinnati? A. If it was mentioned, it was mentioned after my visit in Cincinnati. Q. Did you tell Cox you had been to Cincinnati? A. I think so. Q. Did you tell him whom you had seen there? A. I don't believe so. I don't recall whether I did or not.

Q. I will ask you to look at Exhibit 66 which was a letter which you wrote, copy of a letter you wrote Mr. Dohan on November 22nd, which you see was after the 18th, and just after this letter you had written to Cox, November 21st. You remember writing that letter? A. Yes. Q. Let me call your attention to this part of Exhibit 66: "Dear Mr. Dohan: Pursuant to our telephone conversation, I will be very glad to be in Washington with you on the 29th, provided it will be possible for us to leave at midnight," and so forth. When was that telephone conversation? A. I don't recall. Q. On the 21st, was it, you

think? A. I don't know. Q. I call your attention to this: "There are several other matters I wish to discuss with you, and had intended trying to arrange trip to Philadelphia and spend some time with you in your office, but perhaps we may be able to discuss many of these matters on our trip to Washington." Do you remember what these "several other matters were" that you intended to discuss with him? A. No, not now. Q. Was one of those about the Story parchment competition? A. I don't recall. Q. Now perhaps this will remind you. Let me read your last sentence: "Q. The new parchment company at Michigan are quite active, which will necessitate our meeting their competition, and this among other things is one of the questions I wish to discuss with you and have the advantage of your wise counsel." Was it one of the things you wanted to talk to him about? A. I presume so, yes. Q. And have his wise counsel? A. Yes. Q. Did you get it? A. I don't recall. Q. Did you go to Washington with him? A. I don't think so. Q. Will you look that up and see because you said here, "I will be very glad to be in Washington with you on the 24th provided it will be possible for us to leave at midnight, to arrive home Wednesday morning." A. I am quite sure that I did go.

Drohan was paid for his services under the heading "Re Imports." He did not tell them in the Cincinnati interview that he had received any wise counsel from Dohan. He doesn't know whether Dohan was mentioned. He doesn't think that he talked with Dohan just before he went to Cincinnati.

Q. Now referring to the last Exhibit, 297, from Mr. Cox to you, I call your attention to this statement: " 'Meet Story price to Hollis & Duncan.' I turned the thing over in my mind and figured that possibly and even probably you had been in long distance conference with KVP and WCP with the result that it had been decided to meet Story's price." You observe that it occurred to Mr. Cox that you had been telephoning this gentleman? A. Yes. Q. So it was quite distinctly brought to your attention at that time that he thought that is why you sent this telegram, without conditions? A. Yes. Q. Does that refresh your recollection as to whether you had? A. No. Q. But you think if you looked at your telephone charges it may refresh your recollection on it or help you out? A. It might. Q. You see he thought it was quite probable that you had. Do you think it was quite probable that you had? A. It is quite probable I hadn't, I think.

He is quite sure that he did not go to Washington between the 23rd and the time he went to Cincinnati. Witness' attention was called to Exhibit P-299, a letter of December 19, 1927 from Cashmore to Cox, in which it is stated: "I have your letter of the 17th in reference to Tommy Koch going with the Story Parchment Company. "Saturday night, I got this information from the West by telephone adding further that it was understood that Story had reduced the general price ½¢ a pound." Witness thinks that this refers to information from Southon; he thinks that Southon telephoned him that Tommy Koch had gone with Story Parchment and that he understood that Story had reduced the general price a half a cent a pound. Witness had some conversation with Cox by telephone about the article in the Trade papers. He asked if witness had seen it. It was an article in the "Paper Trade Journal" that Paterson had reduced their prices. He doesn't remember whether when Southon called up on December 17 he said anything else. He doesn't remember any other telephone from him after December 15. The only one he remembers is two or three days after Christmas. Southon then said that they were coming down in their prices one cent a pound. That subject matter is not what witness had in mind when he wrote Cox (Ex. P-299) that it may be they would have to do something to offset it before long. The reduction January 3 was not to offset Koch. It was done so as to meet competition.

He is quite sure that the big four were the only members of the Institute to whom they gave the one-quarter of a cent discount. He doesn't know whether the Institute bought paper and distributed it to its members. February 15, effective February 10, Paterson announced a trade discount to the big four and to the members of the Institute of two and one-half percent. They did not give the additional one-quarter of a cent special discount to any but the big four (P-760). They did not put in their price list this one-quarter of a cent to the big four. They did not give it to the jobbers. They sold to jobbers higher than to the big four. They sold to the retail trade at a price still higher than they did to jobbers. Witness' attention is called to Exhibit P-95, February 14, 1928 telegram from Paterson Co. Chicago, to Cox, Omaha, Neb., reading: "Gramer reports Story, WCP and KVP allowing 2½ per cent on both paper and printing." Witness thinks that Gramer verified that to Cox. He is not sure. February 15 Paterson gave the two and one-half per cent discount on paper only.

Witness' attention is called to Exhibit P-303, December 17 1927 letter, Cox to Cashmore, about the article in the December 15th issue of the "Paper Trade Journal" to the effect that Paterson had reduced its prices one-half cent a point, particularly the postscript stating "You had better get in touch with K.V.P. & W.C.P. on above." Witness tried to ascertain who gave the information to the "Paper Trade Journal" and they said they got it from reports out of Philadelphia. With reference to the postscript, witness got in touch with Kalamazoo and West Carrollton by telephone or telegraph.

Witness' attention is called to Exhibit P-311, February 24, 1928 letter, Cashmore to Cox, beginning: "Yesterday, as you know, I was in New York all day at one of our meetings and heard some rumors of developments which are of interest and which you should know." February 23, 1928, they had a meeting of the parchment people, Southon, Moyer, Dohan, and witness were present. Witness does not think that Kindleberger was there. "Q. That is fixable, too? A. I think he was there. Q. On what day? A. No; I don't think he was there. Q. Didn't he drop in during the meeting? A. I don't know whether he did or not." He learned at the meeting that Story was operating further with the Institute, giving them a still better proposition than the two and one-half percent, but limited to business going only through the Institute. He can't tell whether Southon or Moyer told him. It was one or the other. Southon told him that Armour already had a lower price, — Story being determined to get a great deal of the Armour business — and that the other large packers had not been advised of anything lower. Witness' true sentiment was that wherever Story went Paterso would go, and it seemed as though the battle was on for fair as stated in the letter (Ex. P-311). Southon told him that Story had been quoting Beatrice Creamery and Blue Valley and Fairmount, and other creameries, two and one-half percent below wholesale. Moyer told him the same about Best Foods. Paterson was selling two and one-half percent below wholesale to the packers at that time. Story was giving the creameries the same price that Paterson was giving to the Institute and the packers (not the big four). Witness' attention is called to Exhibit P-312, letter February 28, 1928, Cashmore to Cox, in which appears the following: "this is likely to be a very chaotic year in the matter of prices and I feel there will be much juggling up and down before the year is out." Witness based his

feeling that it was likely to be a chaotic year of prices on uncertainty of conditions, of competition, raw materials, — there is always a little change in raw materials. He doesn't recall now any change in labor costs. His basis of belief aside from competition was possibilities from a knowledge of changes that might occur. "Q. Juggling up and down? A. One can never tell far in advance what the conditions will be. Q. I want to know what you had in mind then when you talked about "There will be much juggling up and down before the year is out." Were you intending to juggle your prices up? A. Who — were we intending to? Q. Yes. A. We had no thought of it. Q. What was the basis of your saying that you felt there would be much juggling up and down before the year was out? A. No basis except that. Q. Wasn't this what you meant? Now, frankly, Mr. Cashmore, that on account of the Story competition you thought prices would be chaotic during the year; is that right? A. Yes. Well, partially, yes. Q. Nothing else, really, that you had in mind then, was there, in view of the fact that this is with regard to answering a letter about Story Parchment? A. Nothing that I recall now. Q. And you thought that prices were going to be juggled up and down, as the vicissitudes of that competition might require or warrant, didn't you? A. No, I don't know as I had any such thought. Q. Just calmly and carefully consider what you wrote: "This is likely to be a very chaotic year in the matter of prices, and I feel there will be much juggling up and down before the year is up." That is the year 1928? A. Yes. Q. Well, you thought that they would be juggled down until the competition was killed, and then juggled up, didn't you? A. No, I don't know that I did. Q. That would explain juggling them up and down, wouldn't it? A. No, I don't think so. Q. Oh, you wouldn't? A. No, I don't think so. Q. Tell us your thought about juggling them up, or about their being juggled up in connection with competition. A. Depended upon the condition of the raw material market. Q. How about competition; could you juggle them up as soon as there was competition?. A. We could not. Q. But if the competition was dissipated, then you could juggle them up, that was the idea, wasn't it? A. I don't know as it was. Q. Juggle them down to defeat the competition and then juggle them up when the competition was gone? A. Put them down and meet competition, and they had to go up with the raw material conditions; we had to put them up. Q. Not if you had competition? You are dealing then with a ques-

tion of competition. A. Yes. Q. In your own mind? A. Yes. Q. And you would put them down until the competition was gone and then juggle them up during the year? That is true? A. No, I don't think so. Q. You didn't expect to juggle up the prices until the competition was destroyed, did you? A. It depended upon raw materials. Q. I thought you said you wouldn't put them up until — even if your raw materials went up — until your competitors — A. It would depend on how far they went up. Q. Therefore the thing that was creating chaos in the prices was the Story competition, that was getting bad, as you thought? A. Yes. Q. And that was the thing that was going to cause juggling up and down during the year? A. Not necessarily up. Q. No; down. A. If they kept up their previous reductions it would, of course. Q. And then when they didn't do it any longer was the time when you juggled them up? A. Not necessarily. Q. That is what you said, isn't it, there will be much juggling up and down before the year is out. That was your candid opinion, wasn't it? A. That was the feeling, that it might occur. Q. Juggling them up under certain conditions? A. It might happen.

Witness was told that Jones was dealing with Story, talking about going with Story as an employee. He did not know that Jones was doing this while telling Cox these things. In February Cox or Jones told him, when he was in Chicago.

Paterson accepted Swift's orders sent in on March 2 with the five percent discount on. That five percent was allowed only to Swift and Armour. He doesn't know whether it was allowed to Armour. Paterson was selling Armour quite a little. Paterson does considerable business with Armour. They have not all of Armour's parchment business. Asked whether they allowed the 5% discount to the Institute, witness replied that they gave no notice of it to anyone; that when Swift sent in their orders with 5% off they just accepted them, when he had heard or been informed that KVP and WCP did so. He had had no talk with Kalamazoo or West Carrollton about it. Paterson gave the large creameries when they sold direct jobbers' prices when necessary to meet competition.

Witness' attention is called to Exhibit P-319, letter March 6, 1928 from Cox to Cashmore, in which it is stated: "I met Moody of WCP at the Yards today and Greenlee of KVP has been on the 'phone twice during the day to compare notes. Both of these men say they have been in touch with their mills by phone

during the day and received word that for the present at least there is no change whatever in their prices. Therefore both Moody and Greenlee are proceeding like myself and for the present standing pat on our last price instructions." He understood about March 6 that Moody and Greenlee were comparing notes with Cox about Story competition. He gave no approval or disapproval. He disapproved their doing it. He told Cox they didn't approve of it. He doesn't know when he told him. His reason was that Paterson would rather work on their own accord. The salesmen had no authority to say or to do anything. They could compare notes. He did not write him not to compare notes. It was in 1928 that he told Cox that he disapproved of this. Asked whether it was since this suit was brought witness answers that he does not know when it was. He knew from the letter of March 6 that the representatives of Kalamazoo and West Carrollton were standing pat with Cox on price. He did not write Cox that he must not stand pat with them, or rebuke him. He approved of Cox' keeping quiet about Paterson getting some of Beatrice's business. He replied on March 8 to Cox' letter of March 6. It looks as if he hadn't stated any disapproval up to that time. He doesn't think it was after this suit was begun that he told Cox of his disapproval of the salesmen comparing notes. It looks as though he hadn't up to March anyway.

Witness' attention is called to Exhibit P-323, a telegraph confirmation of February 24, 1928 from Cox to Cashmore, stating: "Both Armour and Cudahy told me this afternoon that they have been given to understand there will be lower parchment prices effective next Monday. They claim to have been told this price change is being arranged at a meeting of parchment manufacturers in New York this week. I gather that it was not Story's representative that told them this." This telegram was on the date of the meeting at the Convention in New York. He thinks it was the date that he met with his parchment associates.

Paterson's telephone bill shows a long distance call to Kalamazoo on November 18, 1927.

The sliding scale referred to in Exhibit P-376, the letter of March 23, 1928, was to give jobbers encouragement by a commission based on a scale according to their sales varying with the amount over a period of a year. It has been in effect since the middle of March, 1928.

The printing order of December 6, 1927 for the wholesale bulletins is on the old price bulletins dated December 11, 1926.

The only change is in removing the differential on rolls. The January 9, 1928 printing order for price lists is that for the price list effective January 2, 1928. On January 9 the new prices had all been figured. The printing order for the new price list effective March 9 was March 12, 1928. The new prices had all been re-figured then. The printing order for the change effective May 14, 1928 was May 18, 1928, and represents the changes in the prices of the small printed sheets. They had all been figured by May 18.

As to the special prices to Swift, on the one hundred pound size, —

For instance, on the hundred pound size 5½ x 6½, the estimated weight on the bulk price would be 43 pounds. For, say, 20,000 pound order, which we would sell at 17¼ cents, amounting to $7.42; whereas, if sold on the box account price, we would get 18¼ cents for 38 pounds, which would be $7.60; on a 10,000 pound order, 7 x 9 paper, if would estimate at 47 pounds at 15¼ cents, for which we would get $7.17, and if sold on the box account arrangement, we would get 71 cents per thousand, or $7.10. 8 x 11, 30 pound, it would estimate at 62 pounds, for which we would get $8.84. If sold on the box account schedule, at 93 cents a thousand, we would get $9.30 on a 10,000 pound order. On a 10,000 order 9 x 10, it would estimate 62 pounds, for which we would get $8.84, and if sold by box account schedule at 95 cents per thousand, we would get $9.50. On a 5,000, of 10 x 13, it would estimate 46 pounds, for which we would get $6.56, and if sold on the box account schedule at $1.38 per thousand, we would get $6.90. On a 5,000 order, 12 x 14, it would estimate 60 pounds, for which we would get $8.55; if sold by the box account schedule at $1.78 per thousand, we would get $8.90. In each of these cases, we can only estimate the weight as sold by the bulk, whereas in actual practice, paper is subject to variation and overweights which are weighed in on the bulk selling arrangement.

Referring to the kinds of parchment in which the prices of Paterson, Kalamazoo and West Carrollton differed, — (referring to Ex. P-72) among the sizes there noted, there are a great many in which Paterson do considerable business and it might run two percent of Paterson's gross sales.

End of Cashmore's Testimony.

JACOB KINDLEBERGER on direct examination for the plaintiff, testified in substance as follows: — He is President of the Kalamazoo Company; has been since 1916; before that was General Manager from the time when the Company began to make paper in 1910. The Company was incorporated in 1909, and started to make paper April 1910. Before that he was salesman for West Carrollton — since 1902, and left that Company when he came to start this. He is still General Manager. They make their own waterleaf paper. They make bond paper. They make parchment. They have a parchment capacity on their three machines which are running of about 1,300,000 pounds a month. The fourth machine, if running, would add 24,000 per day. The capacity of their waterleaf paper mill is about 3,000,000 pounds a month. Their plant production in pounds of parchment and their shipments month by month have been as follows:

	Production	*Shipments*
July, 1927	1,108,610 lbs.	1,101,140 lbs.
August	1,241,845	1,063,591
September	1,154,353	1,385,976
October		1,153,882
November	1,072,513	1,256,661
December	1,040,785	1,090,641
January, 1928	1,092,540	1,213,227
February	1,012,625	1,044,589
March	1,246,070	1,299,268
April	1,277,208	1,089,212
May	1,281,291	1,106,468
June	1,223,878	1,330,252
July	1,233,506	1,334,111
August	1,296,187	1,203,635
September	1,158,563	1,296,802
October	1,350,522	1,499,986

Their customers are all over the United States and a little abroad, including the dairy industry, meat packers, ice-cream manufacturers, celery washers, poultry packers, retail groceries and meat markets, preserving manufacturers, soap manufacturers, and other minor industries. They sell through jobbers and their own sales agents. Southon is at the head of the Sales Department. Christy is Sales Manager of the Parchment Department. The salesmen are on salary and on commission. The commission salesmen get 5% on parchment.

He has known of the Association of Paper Parchment Makers for years. There has always been an association like there has of the other branches of the paper industry. It was in existence prior to the war. The earliest date he recalls is 1914. It was in existence long before he was in the business. The members were Paterson and West Carrollton. Later on Kalamazoo was asked to get into it. The witness on being asked who asked him to get into the Association, replied that he did not know, that he supposes it must have come through the Department of Commerce. He first saw Brunner at one of the American Paper & Pulp meetings in New York. Kalamazoo joined at that time. All that were in existence at that time were members. Later, when Sutherland Paper Company went into the parchment business, they joined — in 1918. They manufactured parchment paper for a year and a half and then stopped that kind of business. Kalamazoo bought out their paper parchment machinery and merchandise. When Mr. Towne was secretary of the Association witness thinks he kept records, around 1918 or 1919. He never saw them. He doesn't remember that they were read. Towne was secretary of the Wax Paper Association. He is not sure that he kept records. Mr. Dohan succeeded him later than 1918. He doesn't know whether Dohan kept records. He never saw them. He knows that Dohan has a wonderful memory.

The first meeting that witness attended was in the early part of the Great War. He attended three or four times a year then. Brunner was present for Paterson. Leonhard was there several times; Cashmore only in recent years. Witness represented Kalamazoo, so did Mossteller; then Southon did. Witness had not attended any meetings until this suit. Then it was in Philadelphia or New York. About June 12, 1928 Cashmore, Moyer and Dohan and witness were present, also Southon and Coolidge, attorney for West Carrollton. Witness doesn't remember any meeting before this for a year and a half.

He doesn't think he attended any meeting in 1928. Asked whether he was so certain that he could deny that he attended any, he stated that he did not remember any. He doesn't remember a meeting in February, 1928. There is usually a meeting of the American Pulp and Paper Association each February. He cannot be certain whether he attended that meeting in February, 1928 except by looking into vouchers and

seeing if he got any expense money at that time. There is no voucher for such an expense in 1928 before June 12. The meeting on June 13, 1928 was at Dohan's office in Philadelphia. There is a voucher indicating witness's expense for a meeting October 10, 1927. Witness can't say whether this was a Parchment Association meeting. He attended two meetings in Philadelphia in the fall of 1927. Others attending were Cashmore, Dohan, Moyer, Southon and Coolidge — perhaps not Coolidge. The meetings were in Dohan's office. It was Dohan who advised them that there were to be meetings. It may be that Dohan telephoned Southon and that Southon told witness. That was more likely.

Asked to state what information came to him as to the object of the first of the two meetings, witness replied that his information was that they had better talk over the situation as it existed in the parchment business. He did not know what particular situation. Asked what the particular situation was, witness replied that the importation of vegetable parchment from abroad had made great inroads on their business and the constant competition from the imitation parchment people, also. Witness was then asked if that was the subject which they were called together to discuss. He then added, "Together with the Story Parchment Company matter; at that time I think the Story Parchment came up also, advising there was a new competitor coming into the field." That was talked about at the meeting. They talked about many things, the general condition of the business, and that was one of them. Asked whether it was one of the principal subjects talked about, witness answered, "Yes; well, I wouldn't say principal, no." But if all subjects were called "principal", then it was a principal one. The Story competition had been discussed at the first meeting and at the second. They wanted to know the character of the men behind Story. He does not recall the discussion. He doesn't know what he himself said except when they asked him the character of the men back of it he told them that Levin had been working for Kalamazoo, and also Story's superintendent, Eggert, came from Kalamazoo, and advised them who they were and what their abilities were. He said Levin was a wonderful research man and his business in growing vegetables and giving advice to growers was very good, and he thought a great deal of him because he loved his enthusiasm and believed he had great ability — but as a manufacturer, no; that Eggert was recommended to Kalamazoo as a German out

of a job. Kalamazoo gave him a job. He quit. Wittness did not know it for two weeks, then news came that Levin and Eggert were going to start in the parchment business. He does not remember what the others said in the discussion. He doesn't remember what Cashmore, Dohan, Moyer or Southon said. Someone said they hoped Story would conduct the business in the right manner, and others said, you can't tell until they get going. Dohan did not say anything as to an investigation or inquiries which he had made. He said all he recalls. He is not looking after the details of the business and did not pay much attention.

He does not recall how soon after the first meeting the second meeting was. He was occupied at that time with their new mill and gave this very little thought. He doesn't recall whether prior to the meeting he understood that the Story situation was to be discussed. He doesn't remember whether Story had just begun manufacturing or selling. He doesn't remember whether at the meeting they learned anything about the method by which Story was conducting its business. He doesn't remember whether Story was discussed. He doesn't remember anything that was said at that meeting about Story. It was very likely that Story was discussed but he doesn't know anything that was said. He has no recollection of it at all. One of the subjects discussed was national advertising to create more demand for vegetable parchment and how they could stimulate new uses for it. They all felt the need of business. There was discussion as to the foreign parchment and how it was affecting the domestic. The methods in connection with the foreign were discussed. They thought that perhaps by telling the trade what good parchment they were making and doing more intensive selling they could get more business, that in that way they could keep out more of the low-priced business that was coming from Belgium. He thinks Dohan had the records of the importations per month. He thinks the amounts were mentioned.

His best recollection is that he attended no meeting after Story began to sell and before the suit was begun, in June 1928. He is fairly certain that he did not. Southon was looking after the details of selling and this included attending these meetings.

the same as other meetings. He has a recollection of talking with Southon about them. It was not his custom to discuss with Southon what would probably take place at the meetings in advance of their being held, but he would ask Southon what they had talked about when he came back. Southon usually reported what happened. He did not report by telephone or letter while away.

Witness' attention is called to Exhibit K-1, letter February 24, 1927 from Kindleberger to Kushell. Kushell was Kalamazoo's sales agent at Detroit. Frank was a sub-salesman for them. He understood that Frank was going with Story. Frank was one of Kalamazoo's customers and a sort of sub-salesman. He handled some of the creamery trade. Witness is asked whether he wanted Kushell to outline the discouraging situation in the parchment business as suggested in this letter to Frank so as to prevent his going into competition with them. Witness replied, "I don't think so." He is asked then to look at the letter and see. He then answered that he guessed that was right; it was a long time since he had looked at the letter and a long time since he wrote it. The letter stated the true situation. He thought it might be a good thing for the people who were organizing this new company to know the real facts in the case. He thinks Paterson was only running about three or four days a week at that time. Witness' attention is called to Exhibit K-5, letter May 7, 1927 from Kindleberger to Kushell, thanking him for all the information contained in his letter of May 6th "concerning our New Baby Competitor" and saying that he could look forward with pleasure at the competition they would get from it and that "it doesn't worry us any at all." That letter expressed what the witness then believed in regard to the situation. They were having so much competition in other lines that they were getting used to it and it didn't bother them very much. Dr. Desautel is head of Kalamazoo research laboratory. Desautel is making reports continuously, three or four a day. He might have called witness over the telephone and told him, or witness may have asked him to make a written report and he might have gone back and made a very careful analysis. That occurs all the time. The memorandum to Desautel to have this written out is in the

handwriting of witness's secretary, Harold DeWeerd. Osman is the head of the Packer Institute Equipment & Supply Company.

Kalamazoo has given one quarter (¼) cent per pound off to the four big packers, Wilson, Cudahy, Swift and Armour, ever since it has been in business. Their business was always large. They got the ¼¢ whether they purchased in carload lots or not. Their business usually amounted to several cars a month. Other packers did not get the reduction unless they purchased in carload lots. He understood that the proposition described in the letter of December 12, 1927 (Exhibit K-21) which Story was making was that the members of the Institute would get their paper billed at the wholesale price, the same as Kalamazoo was billing it to the trade, but have ½¢ a pound discount for all orders placed through the Institute, whereas Kalamazoo billed the members of the Institute at the list or wholesale price and Story gave a discount of ¼¢ to the Big Four. Kalamazoo's new price list went out on January 2, 1928, making a base reduction of 1¢ a pound.

Drummond was Kalamazoo's salesman at Kansas City. By friendly competitors, referred to in Exhibit K-33, letter of January 23, 1928 from Greenlee to Kindleberger, Greenlee meant Paterson and West Carrollton. The letter of Jan. 25, 1928 (Exhibit K-24), from Kindleberger to all salesmen, is a truthful statement. This letter contains the following statement: "the prices on Parchment are as low as it is possible to make them, unless the furnish is changed to cheap furnish. There is nobody in the world that is better equipped with both machinery and organization than we are to make Parchment Paper and make it at a reasonable price. When we say it is 'rock bottom' we know whereof we speak."

Witness' attention is called to Exhibit K-82A, a letter of February 23, 1928 from Southon's stenographer "Hazel" to Southon at the McAlpin Hotel, New York City. The witness was asked whether this assists him in fixing a date. He replied that it does, that it is the date of the American Paper & Pulp Association meeting. He is not certain whether he went with Southon. He is inclined to believe that he did go to the meeting. On being told by defendants' counsel that there appears to be no voucher for any trip at about that time, he states that then he stayed home. He has met Paterson and West Carrollton at the banquets of the American Pulp & Paper Association for the

past ten or twelve years — Brunner and Moyer and others. He is not certain whether he attended the banquet in 1928 himself. He thinks if there is no record of it he stayed at home. If he did not go in Feb. 1928 probably Southon and Hayward did. Hayward is general manager looking after manufacturing, and was active as cost accountant for the Wax Paper Association.

Roberts is Kalamazoo's salesman in the southern states. Kelly is their salesman at Philadelphia. Bossler is one of their customers in Philadelphia. Howe was their Cleveland representative. Burnham was their Boston representative. Claflin was a paper jobber in Boston. Keep is buyer for Claflin. Spies is one of Kalamazoo's New York salesmen under Horton.

Witness' attention is called to Exhibit K-109, letter February 17, 1928 from Southon to Greenlee, which states: "I am going to leave next Tuesday noon for New York and will be gone the balance of the week. Mr. Kindleberger will probably be back in Kalamazoo about Friday. If anything special comes up, get in touch with Mr. Christy and he in turn will get in touch with us in New York." Asked whether this refreshes his recollection as to whether or not he went to New York at about that time, witness replied that he might have gone somewhere else. It doesn't refresh his recollection as to whether he went to New York. Witness was visiting the machinery manufacturers about Washington's Birthday 1928 and had to make several trips concerning the new installation. He thinks that "us" in the letter might have referred to Mr. Hayward. He says that he might remember whether he went but he is not sure of it.

Oberley is Kalamazoo's salesman in Minneapolis.

After the reading of Exhibit K-191, letter March 24, 1927 from Kindleberger to Moyer, thanking him for the information and drawing of the Story Company's new parchment machine and stating that "This is very interesting indeed" — plaintiff's counsel asks whether defendants have the letter, if any, by which that information was conveyed. Defendants' counsel replied that the only thing he has is a pencil drawing having attached to it a typewritten description of a machine.

Moyer's letters of Jan. 6, 16 and 28 (Exhibits K-183, 185 and 188) are on plain paper with no heading or address. Moyer's home was in Dayton, Ohio. Witness had never written to Moyer at his home. Witness is then shown several letters written by

him to Moyer addressed 712 Grafton Ave., Dayton, Ohio. He then states that his secretary must have supplied that address, that it is undoubtedly his home address and he thinks that he remembers writing the letter. It is customery to have the initials of the dictator and of the stenographer on their letters. (They are not on Exhibits K-184, 186, 187 and 191). He has no correspondence with Brunner, Cashmore or Leonhard. His correspondence with Moyer has been more or less on account of their furnishing his raw material for both wax and parchment papers. He was very close to Moyer and not with the Paterson crowd. He has no financial interest in Moyer's company. He worked there 25 years. He and Moyer have been intimate friends. They have had correspondence in this period relative to the paper they were making and what was wrong with it. Claimed defects in shipment. Kalamazoo has been supplying waterleaf to West Carrollton three or four years and also during the War and also wax paper. The drawing referred to in the letter of March 24 (Exhibit K-191) came from Moyer. They were seeing each other frequently, at least every month and maybe less. Witness never visited Moyer's house. He took supper at witness's house once. Moyer said that this drawing was of a machine which was at the Story Company's plant. He did not say how he obtained it. Witness did not have any talk with Moyer about it. He was not interested in it. Q. Your letter said, "This is very interesting indeed." A. Because the same man who used to work for us talked to us about it and I told him I was not interested in it. That was Story's superintendent, Eggert. The drawing is marked Exhibit K-191B. Story might have been discussed between witness and Moyer. He does not remember when, how or where. He has a faint recollection that Moyer asked what he thought of them and he gave such information as he had concerning the men who used to work for them and started the company, but he usually wound up by saying, "Tend to your own knitting and have no fear of competitors. That is the way we run our business."

He never discussed a reduction of prices. He did not talk the subject over in any way. He mentioned what prices had been quoted here, there and elsewhere. He has not discussed the prices they would make because he doesn't know anything about the details of pricing, only the basic price. He does not recall anything that Moyer said about prices.

Asked whether he now recollected that he attended the meeting of the American Pulp & Paper Manufacturers at New York around February 22nd, witness replied that he had tried very hard to see what he could find that would give him a clue whether he did or not and he couldn't for the life of him find out that he did or did not attend. He usually took his tuxedo for that meeting and that has not been out of his closet for two years until just recently. He is not, however, certain enough so that he can deny that he went there. His best recollection is that he did not. He asked Southon if he knew whether he was there and he also asked Dohan and they both think that he was not there. He was undoubtedly away from his office at that time as indicated by the correspondence that has been produced. He doesn't know of any other places that he went to at that time but was out making speeches about that time at different places.

Generally speaking, matters of price reduction were under Southon's immediate supervision. He doesn't recall that he talked with Moyer about the effect of their competition with Story on profits. He never said that the prices they were operating under in the first part of 1928 would require them to do business at a loss or at a very small profit. He never thought it.

The first Armour order taken on which there has been added "less 5%" is dated March 1, 1928. Prior ones since Feb. 13 had 2½%. This first 5% one was accepted March 2. The one of March 8, 1928 was typed at the old price "special less 5%" and was entered on March 9. The 5% was crossed out in pencil and the new price substituted. The order of March 9, 1928 was at the new price, with no discount of 5% or 2½%. The special discount of 5% was to meet the Story competition.

(*End of Kindleberger's Testimony*)

ALFRED SOUTHON on direct examination for the plaintiff testified in substance as follows:—He was general sales manager of Kalamazoo. He thinks he had a meeting with West Carrollton and Paterson representatives about the 5th or 6th of December, 1927. He would have to refer to his records to tell definitely. Witness is requested to get his voucher for the expense of the trip. The expense voucher is Nov. 30, 1927. This indicates that he left Kalamazoo that night and was in Cincinnati Dec. 1st. He left Cincinnati that night. On that day he met Moyer and Cashmore but not Dohan. He does not remember anything specifically that was discussed on that occasion. He does not recall whether the question of the Story competition was the subject of discussion. He does not remember whether the question of prices of any parchment products was mentioned. He cannot say definitely that he recalls that the price of parchment rolls was mentioned and whether they considered as to whether or not the differential on rolls should be abolished. At that time the differential on rolls was one-half cent per pound; that is, parchment paper in rolls was half a cent per pound more expensive than paper in sheets. So far as anything definite is concerned his mind is a perfect blank as to everything that happened at that meeting, nor has he any indefinite recollection. Witness does not recall that the question of abolishing the differential on rolls had been before him for consideration for some little time before that meeting. The abolition of the differential had not come to him for consideration at all. They had had notice from the trade that it was being eliminated. When he received such notice as he had from the trade, he might have mentioned it with his associates in the Kalamazoo Company. As Sales Manager that was particularly in his department and it would be customary to mention it. Witness would not say that they had discussed the differential on rolls prior to this meeting in Cincinnati. He does not recall, but the possibilities are when they received notice that the differential was being eliminated he would mention it to Kindleberger, that they were receiving notices to that effect. The notices were that Story was eliminating the differential at that particular time. He does not remember that he had received notice at that time that Paterson or West Carrollton had made any change in their rolls. After the Cincinnati meeting with Moyer and Cashmore on December 1st, witness returned to Kalamazoo that same night, arriving the next morning and was there December 2, 1927.

Witness' attention is called to Exhibit K-153, letter Southon to Greenlee, December 2, 1927. He wrote the letter. It is a fact, therefore, according to the letter that on the day following his conference with his associates in Cincinnati he announced as effective at once that the half cent per pound differential, which had for some time been used in roll parchment, would be discarded. Q. Mr. Southon, have you in preparation for your testimony read Mr. Cashmore's testimony taken at Paterson, or any of it? A. I glanced through it. Q. Was that — how did it happen that you fixed on December 5th or 6th when I first asked you as to the date of this meeting? A. You suggested that yourself; you said the early part of December and so far as I could remember it was the early part of December. Q. How did you happen to fix the 5th or 6th? A. I might have said the first or second, or the eighth or tenth. Q. You just picked at random? A. At random. Q. It was not because you had read Mr. Cashmore's testimony and found he had originally fixed the 5th or 6th? A. No. I don't know as I read that

He doesn't remember who called the December meeting. He hardly thinks he did. He does not recall that he called up Cashmore and asked him if he was coming out in this direction and telling him that he had many things he would like to discuss. Nor can he recall that he did not do so. His memory on the question is a blank. He is not certain of anything at that particular time with reference to the question asked. He cannot say that they had many things to discuss. He does not remember that they discussed differentials. It was possible inasmuch as they were receiving notices that the custom had been abolished. He cannot remember anything that he said on any subject at that meeting or anything that Cashmore or Moyer said. He does not remember saying that he thought Kindleberger was thinking of following their usual custom on the first of the year, dropping the price of parchment a cent a pound as usual. He does not remember anything said on that subject, nor on the question of the price of their basic unit. He does not remember that it came to his attention that at the same time he announced this abolition of the differential on rolls the Paterson Company also announced it. It probably did come to his attention. He doesn't remember that West Carrollton announced it. It probably did. But he can remember absolutely nothing said on that subject when they were all together. He has no recollection of any subsequent conference with Cashmore or Moyer in a

meeting or by telephone during December, until late in the month — as he remembers, just prior to Christmas. That was by telephone from Kalamazoo, separately to Moyer and to Cashmore. He does not remember which he spoke to first. He had not talked to Cashmore since the Cincinnati meeting that he remembers of, or with Moyer. At this time, shortly before Christmas, he called and told them that, effective Jan. 2, they were going to reduce their price one cent a pound. He did not tell them the consideration that led up to it or their reasons for it or discuss it at all with them; he told them that they had been over the business for the year and Kindleberger had decided to reduce prices one cent per pound effective January 2. He doesn't remember what Cashmore said. He did not say that they would follow suit and do the same thing. He doesn't remember what Moyer said. He told Moyer exactly the same thing that he told Cashmore. He telephoned this in accordance with the custom of notifying them of any price reduction. He has followed that custom three or four years. On those occasions their prices, that is their basic prices, were usually the same. Asked to state in what years they were not the same, witness answers "I don't know as I know." As far as he knows, they were about the same. Asked whether they were not just the same, witness replies "I never compared them to see." There was very little said on the telephone. He merely announced what they were doing. They didn't announce what they were doing.

Kalamazoo's price reduction announcement was January 2, and the price was dropped from 16 to 15 cents per pound on the heavier weights and from 16½ to 15½ on the lighter weights. The other prices are mathematically computed from the basic prices. They have a system under which they compute the other prices on a mathematical basis. The notice of the reduction was mailed on January 2. He doesn't know that it ever came to his attention that Paterson and West Carrollton also sent out notices on January 2, effective January 3. He never noticed that. He was interested to a certain extent in the prices they were charging, but he doesn't remember having seen the notices. He had West Carrollton's wholesale price list, effective Jan. 2, 1928, and Paterson's, effective that date, in a drawer in his desk. He does not know when he received them. It is not unusual for Kalamazoo's salesmen to send these things in. He has no recollection who sent them in.

The printer's dummy shows that on December 5, 1927 the Kalamazoo Company sent to its printer a makeup of its proposed January 1928 wholesale price list; that this makeup was the old December 11, 1926 price list with no changes except the elimination of the half-cent differential; that on December 12 the proof came from the printer; that on December 15 the proof went back to the printer modified by the one cent price reduction as it actually went into effect as of January 2, 1928; and that the proof came back from the printers as thus finally corrected on December 20, 1927.

The printing order (Ex. K-358) for the circular for the new prices to be distinguished from the price list referred to in the foregoing paragraph, went to the printer December 27, 1927.

Witness's impression is that the above telephone conversation with Cashmore and Moyer was shortly before Christmas 1927, just before the holidays—not several days before. The calls were made from the witness' home and were on his telephone bill; on January 3, 1928 he put in a voucher to the company for reimbursement which read "Long distance calls made for the company but handled through A. Southon's home phone, $10.75." The calls were made in the evening from his home and he talked with Cashmore and Moyer at their respective homes.

Witness is shown letter Kindleberger to Greenlee, December 13, 1927 (Ex. K-22) reading in part, "New price lists are being figured now. These lists are all being figured to take effect January 1st. This also you want to keep to yourself. Don't tell it to your very, very best friend. It might be a good thing to destroy this letter after you read it so it won't get into the files." Witness does not recall having seen this letter, though it is possible he may have seen it. His recollection is that the lists were not still in process of being figured as late as December 13; that they had already been figured by that date. Unless he is mistaken, they started figuring on them in November; that figuring was being done before the Cincinnati meeting on December 1st. He did not do the figuring. His impression is that it was all completed prior to December 5.

Witness did not meet Moyer or Cashmore in January 1928. He has no recollection of telephoning either of them during that month. He did not telephone with or meet any other members of those two companies.

He met them in February, 1928 during the Pulp & Paper Association meeting in New York. He met them Thursday.

February 23 or Friday, February 24. He went alone on the train as far as he can remember. Kindleberger was in New York. He first saw him there in the Wax Paper Association meeting, Wednesday or Thursday. Asked whether he met any representatives of the Paterson Company while he was there, witness replied that he did not think there were any at that meeting. Q. I don't mean at the meeting, but did you see Mr. Cashmore while you were in New York? A. Yes. He also saw Moyer while there. Cashmore and Moyer were together when he saw them. He believes Dohan was there while he was with the others. He is not quite sure about Kindleberger. Asked to state his best recollection, witness testified that he has an idea that Kindleberger was there for a short time and left to go to some meeting or an appointment. He is not positive but has an idea that he was. It was on the 23rd or 24th that he met Cashmore and Moyer and he thinks Dohan and Kindleberger to his best recollection was there for a short time. He doesn't remember where they met. The chances are that it was at the McAlpin, because that was where Kindleberger and he stayed. Witness does not recall how the appointment for their meeting was made. Asked how it happened that they all got together, he replied that it was the annual meeting of the American Paper & Pulp Association and everybody is there. He doesn't remember how they detached themselves from the rest; probably they met and went to the room. He expected to meet them. He had not telephoned. It was customary to meet them there. Q. How long did the meeting last; I am talking now of your meeting in the room? A. I don't recall; not very long. Q. Was the Story competition discussed at the meeting? A. I wouldn't say it was discussed. Q. Was it mentioned? A. It was mentioned. Q. Did you mention it? A. I undoubtedly did. Q. What did you say about it? A. I don't recall what I said. There were so many things to be said at that time. Q. What did Mr. Moyer say? A. I don't recollect what he said. Q. What did Mr. Cashmore say? A. I don't recall what he said. Q. What did Mr. Kindleberger say? A. I don't recall what he said. Q. What did Mr. Dohan say? A. I don't recall that Mr. Dohan said anything about it. Mr. Dohan probably was in a different position. Q. You remember however that the subject of the Story competition was mentioned? A. Oh yes; we mentioned our experiences.

While at the McAlpin he undoubtedly received Exhibit K-82, the letter February 23, 1928 from his secretary, Hazel

Gordon, to him enclosing the "Sales Facts" regarding Story parchment (Exhibits K-82 A and B). He does not recollect it however. He does not remember if he showed it to his associates at the meeting. It was not discussed or talked about.

Witness is shown Exhibit K-243, letter from Moyer to witness of February 27, 1928. He had a talk with Moyer at the time he was with him relative to the situation on waterleaf. Kalamazoo had been for some time furnishing waterleaf to the West Carrollton Company for use in its parchmentizing business. Asked whether Moyer told him when he saw him that he ought to give them a reduction in the price, witness testified from seeing the letter February 27 he recalls that Moyer told him they were getting a better price on waterleaf from another mill. He has no independent recollection of that. The letter brings to mind that he was talking to Moyer about having more of their business and he spoke about the mill from which he was buying (Mishawaka). He said he was getting a better price. He does not remember any further discussion with them. He probably left New York Friday the 24th or Saturday the 25th. His first day back in the office would be Monday, February 27, 1928.

Witness is shown Exhibit K-84, letter February 27, 1928, Southon to Greenlee, reading "This letter will be your authority to quote all Meat Packers whom we are now selling at the wholesale prices, a trade discount of 2½% off of the wholesale list. The discount originally was given to the Supply Department of the American Institute of Meat Packers, but we find there are a number of packers who prefer to buy direct from the Mill, if they can do so at the same price, so we will accept orders direct from the packers and allow this special discount of 2½%." Witness recalls writing the above letter. He had not discussed the question of wholesale prices to the meat packers with his associates in New York, or the question of giving the trade discount 2½%. Q. Had you mentioned that subject in New York? A. Not with reference to giving it to them. It was mentioned what the Story Parchment Company were doing? Q. Did you talk of giving the Meat Packers a reduction? A. No. Q. Didn't mention it? A. Didn't mention it. Q. Didn't say anything about it to Mr. Cashmore or Mr. Moyer? A. Not any more than the experiences we were having and the reports we were getting of what Story were doing. Q. But didn't say anything of what you were going to do to meet it? A. No. Q. And they did not say what they were going to do? A. No sir. Q. That subject was

not even hinted at that you would take any action to meet that competition? A. No. Q. Had Mr. Dohan ever advised you with reference to whether or not you should discuss prices at your meetings? A. No. Q. Had Mr. Kindleberger? A. No. Q. Had you ever received any advice — legal advice, in that connection? A. No sir.

The next time he saw Cashmore or Moyer he thinks was in May. A voucher indicates that he saw them in Chicago on March 31, 1928. He doesn't recall who called the meeting. It seems to him they just had lunch together at a hotel. Witness' attention is called to the following exhibits arranging for a meeting: Ex. K-227, March 6, 1928, Dohan to Kindleberger; Ex. K-228, March 8, 1928, Southon to Dohan; Ex. K-229, March 12, 1928, Dohan to Southon; Ex. K-230, March 14, 1928, Southon to Dohan; Ex. K-231, March 27, 1928, Dohan to Southon; Ex. K-232, March 28, 1928, Dohan to Southon; Ex. K-233, March 28, 1928, Southon to Dohan. "Dayton" referred to in the above correspondence refers to the West Carrollton Company, that being located a few miles outside of Dayton, Ohio, and Moyer lives in Dayton. He doesn't think he could have been at the meeting more than two hours. He doesn't remember whether they mentioned the Story competition. Nothing was said about price. It might have been commented on with the experience they were having with Story at that time. Commented on Story's price. He did not comment on his. Cashmore did not on his. Moyer did not on his, or on any price they might make in this new competition. He is sure of that. He was not planning any price reduction then. They talked about general business conditions and about the import situation. He doesn't remember what they said about imports. He believes Cashmore said something of his experiences in the East with imports, of vegetable parchment that was being distributed by certain jobbers in eastern territory, speaking about some of the jobbers down there still selling imported parchment. They did not discuss what remedies they would take to meet that competition. He had had some reports of import competition. He doesn't know from what countries. Their Philadelphia man about that time reported some competition he was experiencing on imported parchment handled by different jobbers. With reference to the Story competition, witness does not recall anything that was said definitely; it was just a matter of possibly relating some of our own experiences. He does not recall that there was anything said about

means to meet that competition. They were just swapping stories of what they had heard. He doesn't remember that.

He next met his associates in the Parchment Association some time in May in New York, at the McAlpin Hotel on May 14, judged by the voucher Exhibits K-239, K-240, K-241, telegrams of May 10, between Dohan and Southon arranging the meeting. He met Moyer, Cashmore and Dohan. Meeting lasted about three hours, until lunch time. Q. Was the Story competition discussed? A. Not any more than it had been before. Just a matter of relation of experiences. Q. Particularly with reference to printing prices? A. I think regarding everything. Q. Did you mention printing prices? A. I think I myself mentioned printing prices. Q. Do you remember what you said about it? A. Not definitely, no. Q. Do you remember anything that any of the others said about it? A. I don't think they said anything. Q. Do you recollect anything that was said at that meeting by any one of you? A. No, I believe at that meeting it was I made the statement that we were experiencing — by "We" I mean Kalamazoo — some very mean competition from Story on a small butter wrapper — printed butter wrapper — and that the buyers were just in their glory to think they could Jew us down on the price and that because of the fact that we had always carried in stock large quantities of those butter wrappers, that we were going to meet Story's price on them. Q. What did they say? A. They did not comment. Q. Do you remember anything else that was said? A. No, I don't recall anything definitely. Q. By anybody? A. No. Q. On any subject? A. No; we just talked about matters in general and I don't recall now what they were. Q. Did Mr. Cashmore say that they had met with similar competition in the butter wrapper business? A. I don't recall him saying so. Q. Did Mr. Moyer? A. I don't recall him saying so. Q. You carry no impression in your memory as to whether they said anything about such competition? A. I have no recollection of either of them saying anything about it. Q. Was anything said as — did either of them say anything as to their reducing the prices of butter wrappers? A. No. Q. They didn't say anything about that? A. No. Q. What did you understand was the purpose for which the meeting was called? A. At that particular time? Q. Yes. A. I don't recall. Q. Well what result did you understand that the meeting accomplished? A. I don't know as it accomplished any particular result. We merely discussed matters generally relating to the

industry. Q. But you cannot remember anything more about anything that was said than you have already stated? A. Not definitely.

There was some discussion about the different classifications of printing designs. For instance, he believes that at the time he related to them how, in their Wax Paper Division, with wax-printing wrappers they had found that their costs on different types of printed wrappers varied considerably, and that possibly the same thing was true of the parchment wrappers they were printing. Cashmore said that he had always thought in parchment-printing wrappers there was a variation in them. He knows that he had it in mind because he thinks he asked their Cost Department, whenever they got time, to make a thorough survey of that for him. He came immediately home after the meeting, within a day or two. Moyer did not come back on the train with him.

They had no further meeting of the Parchment Association before the suit was brought on June 4.

He doesn't think that he was in Chicago in February. He goes there quite often. There appeared to be no February vouchers except for the New York meeting.

The first 5% discount was on the order dated March 1 and accepted March 2. He doesn't recall being in Chicago early in March or at any time in February, or at all in connection with the reduction of price or a discount to the packers. He would not say that he was not there, but he has no recollection of being there. He has no recollection of talking on the telephone with Armour or any of the packers or their representatives. He talked with Greenlee by telephone constantly. During February and March he was in constant touch with Greenlee regarding that situation. Witness' attention is called to Exhibits K-251 to K-324 inclusive, orders from Armour & Co., and particularly to the fact that in the discount column there is the word "special" and that in some instances underneath the word "special" appear "less 5%" and in other instances "less 2½%". The word "special" on these orders immediately precedes the base price. The special discount is special from the regular list, but regular to Armour. Taking, for example, the order appearing on Exhibit K-289,14¾¢ per pound was a special price quoted to Armour of ¼cent per pound below the established list, pursuant to a cus-

tom in effect for sixteen years. Asked whether any of their other customers had the same special price, witness replied that Wilson, Cudahy and Swift did. He thought also the Allied Packers. From that special price they also had a discount on these orders where it appears of 2½% and of 5%. Witness talked with Moyer by telephone in March, on the evening of the 8th, and told him that they had announced to their salesmen, and would announce to the trade the following morning, a reduction of one cent (1¢) per pound; that they were sick and disgusted with this competition they were getting from Story, — 2½% and 5%, and 10% was even reported; that they had never liked that way of doing business, and that they had definitely decided not to do it any more; that they had already reduced prices one cent (1¢) a pound and Kalamazoo were going to reduce theirs one cent (1¢) a pound, and that was where they were going to leave them. Witness does not remember that Moyer said anything except that Moyer said that all these special discounts and confidential rebates which were being made were very confusing and were already leading them into trouble with some of his customers.

Witness told Cashmore by telephone the same thing. Cashmore said he was having the same trouble with the trade owing to these special discounts, and it was a very unsatisfactory way to do business. Nothing further was said. Witness told them Kalamazoo had done it and that was all there was to it. He does not recall any further conversation with Moyer in March on any subject. He doesn't recall a conversation with him about reducing the price of waterleaf again. He doesn't think that he talked with him about waterleaf in that conversation. Witness is shown Exhibit K-245, letter March 12, 1928, Southon to Moyer, beginning "As I told you over the telephone a few days ago, we would see what could be done to revise the price on Waterleaf," etc. Witness does not recall the letter and it does not refresh his recollection. He knows that he did not talk with him about waterleaf on the night of March 8. He talks to him quite frequently about waterleaf and other matters. He doesn't recall the conversation a few days before March 12 on the subject of waterleaf. He does not recall the occasion for a further reduction. He does not remember anything about it. He knows that the reduction went into effect. He has not Paterson's and West Carrollton's price lists effective March 9. He does not

know the amount of imports into the United States of vegetable parchment in 1926, 1927 and 1928. They have had them from time to time from the Import Committee of the Pulp & Paper Association. They have not the reports. They have reports of isolated shipments from time to time. About two years ago he saw a report giving the total of the figures. It did not make a great deal of impression on him. It probably was a Government report.

(End of Southon's Testimony)

MILES E. MOYER on direct examination for the plaintiff testified in substance as follows:—From the Exhibits W-154 to W-158 it appears that Armour's order received March 1, 1928 was at 15¼¢, originally written less 2½%, which is canceled and has 5% substituted. Cudahy's orders dated March 1, received March 3, read less 5%.

He is the manager of West Carrollton and has been since 1921 nominally, and actually since 1919, and superintendent before that since 1912. They produce 35,000 lbs. of parchment a day in addition to wax. The parchment business is eight or ten times the wax both in volume and profits. The plant is located at West Carrollton, Ohio. It has about 100 employees. They purchase their waterleaf in the open market, mostly from the Lincoln Paper Mills at Elkhart, the Wakana Paper Company at Mishawaka and the Mishawaka Paper Company and Kalamazoo.

He has known Kindleberger since long before 1920. West Carrollton sells through salesmen. He travels also. Salesmen are Moody of Chicago, Starrett of Dixon, Illinois, Christman, West Carrollton, Walter Sill, New York. Sill is a sales agent on commission, although he is a jobber. Moody, Starrett and Christman are paid by salary. He objects to stating the amount of Sill's commission.

Witness always attended meetings of the Parchment Association beginning 1921 or 1922. He learned of them from West Carrollton's prior manager. The other members were Paterson, Kalamazoo, Sutherland Paper Company and Diamond State Fiber Company. Sutherland manufactured vegetable parchment not over two years. Diamond State Fiber Company were in business in 1923. Then they discontinued the manufacture of parchment. He doesn't know how long they had manufactured it. He thinks they were in the parchment business off and on for a number of years prior to 1923. They offered as much competition as any other mill when they were going. They would go along and then quit. When their other line of business would go down they would manufacture parchment. When the vulcanite business came up it was very probable that they would discontinue parchment. He met Taylor of that Company at the Association meetings. Parchment was a minor department of their business. They have not been in it to his knowledge since 1923.

He attended an Association meeting at Cincinnati on December 1. Cashmore and Southon, and not Dohan, were there.

Story had come to his attention prior to the meeting. It had been mentioned with Kindleberger or Cashmore before. When they were coming into the field it was the most natural thing in the world to talk about them. He thinks he talked with Kindleberger about them in September in New York at a meeting of the Association. At that time Story had not begun to manufacture. There was only a rumor that they were going into business. He doesn't recall anything that was said. Naturally he knows that they mentioned them. He does not recall any other meeting until the one in Cincinnati, December 1. At that meeting he told them that a few days before he had met Earl Bevis of the Shartle & Bevis Machine Company, who happened to be the man that built West Carrollton's machinery, and built parchmentizing and waxing machines. He told Moyer that Story had come to him for a shredder and he was looking up their financial standing. He asked what he knew about it. He told this at the meeting, and that Bevis also told him that he had met the representative of Black & Clawson Company, who built this machine for Story. It seemed this representative had been called up there by Levin and Levin told him the machine was no good, and he told Levin that when he brought the blue print down he suggested changes but Levin insisted the machine should be just as he had it. He further said that Levin threatened to sue him for $20,000. because the machine wasn't what it should be. He also said it was pitiful the way this plant was being operated. His exact words were: "You might as well have gone out in Dakota and taken several boys out of the wheat-field and put them in that plant and they would do just as good." There seems to be no organization or anyone at the head of it. This is what witness said at the meeting. He doesn't recall what Cashmore or Southon said. Surely they would have said something. As far as he recalls there was no discussion as to abolishing the differential on rolls, or that either of them mentioned it.

West Carrollton did not in December make a reduction in the differential. It came to his attention that Paterson and Kalamazoo did, but West Carrollton tried to bull it through and didn't change their price list. They might have met that differential, but not as a general thing. They did not broadcast it to their jobbers, and did not publish any change in their price list. He does not remember that anything was said on the subject of abolishing the differential on the rolls at the December 1 meeting. He denies that he heard anything, — that anything was said to

him on the subject of abolishing the differential on rolls. Cashmore and Southon did not discuss it in his presence to the best of his recollection. No one said anything with respect to dropping the basic price. Southon did not say in his presence that Kindleberger was expecting to drop the basic price one cent around the first of the year. There was not any discussion of price at all in his presence.

He did not later talk by telephone with Southon with respect to dropping the basic price. With reference to the price reduction of January 2, he did not talk to Southon on the telephone regarding that price. He did not talk with Kindleberger on price. He doesn't think he saw Kindleberger. He did not have any conversation by telephone late in December or in the middle with Southon on the subject of prices that he recalls. He does not recall that Southon called him up around the holidays and told him that his company was going to drop their prices the first of the year one cent a pound. Witness' attention is called to Exhibit W-109, West Carrollton's notice of January 2, 1928 announcing reduction of one cent effective that day. It was sent out about January 2, 1928. Exhibit W-107 was the list sent out with that letter. The list had been printed prior thereto. The manuscript was sent to the printer December 19, 1927 with the one cent drop. Prior to that he had not talked with any representative of Kalamazoo with reference to making that drop, or with any member of Paterson. He knew their lists making the same reduction came out on January 2d. West Carrollton's salesmen sent in the price list. He had no communication with Paterson or Kalamazoo with reference to this drop, directly or indirectly, either with reference to the change in price itself or the date of the announcement of it. He imagines that in previous years their price lists were put out at the same time as the price lists of their competitors.

Witness is shown Exhibit W-40, letter February 10, 1928, Moody to Moyer, stating: "When I reached the office Cox of Paterson Parchment Company called me and wanted to know what I knew about price reduction. I told him you phoned me at 3 P.M. that price was reduced 2½%; he said he had not been notified, but that his boss would be here to-morrow morning and would give him the information then. Above is all I told him." Witness does not recall the letter. It would seem from the letter that it was a fact that on February 10 he telephoned Moody

that the price was reduced 2½%. He doesn't think the price was reduced 2½% all over the United States. It was reduced to the big packers in Chicago. Before witness telephoned that information to Moody Southon called him up and said he was going to meet Story's 2½% by a reduction of that amount. When he talked with Moody he had learned this from Southon. Southon did not tell him that Paterson was going to make the same reduction. He had no information that Paterson was going to or had. He does not know when they made it. Later Moody wrote or said in substance that they were all meeting it. When Southon telephoned him that Kalamazoo was going to make a reduction, witness doesn't think that he told Southon that West Carrollton would also. He doesn't know what he told him. He made the reduction as soon as he found out the others made it. He is not positive about the later 5%. He thinks they made it for a few days. Witness is shown certain orders (Exhibits W-154 to W-157) and is asked if these aid his recollection in stating whether his company did make the 5% reduction. Witness answered yes, that these orders show that they did allow 5%. Neither Paterson nor Kalamazoo told him they were making a similar one. The chances are that Moody told him the other three had it and he followed in line. This 5% reduction was as early as March 1, as shown on the Cudahy order. He does not remember when it was decided to allow the 5%. The order might have come in at 5% discount without his having first authorized it. He does not remember. The discounts were changed so rapidly for two or three days that he is confused about it.

He did not, to the best of his recollection, meet the representatives of Kalamazoo and Paterson at the McAlpin about Washington's Birthday in 1928. Witness is shown Exhibit W-51, a telegram of February 22, from Moody to witness, addressed to the McAlpin Hotel, and is asked if that refreshes his recollection. He answered no, that it did not refresh his recollection that he saw either the Kalamazoo or Paterson men but it does refresh his recollection as to the fact that he was at the McAlpin at that time. He was at the McAlpin Hotel about February 22, 1928 for the meeting of the Paper & Pulp Manufacturers Association. He does not recall that he met representatives of Paterson and Kalamazoo there, but it would seem natural that he would. He does not recollect meeting Dohan there. Asked whether it was not a fact that on February 23 he, Cash-

more, Southon and Dohan met in Dohan's room at the McAlpin Hotel and that Kindleberger was present part of the time, witness stated that it is possible and probable that he met them, but he does not recall it. He goes to New York frequently. The Paper & Pulp Association meeting is an annual affair. Witness goes to it as a general thing but he was not positive whether he went to the Paper & Pulp Association meeting in 1928. He must have been there because of the telegram, but he can't recall the meeting. If he was there, there was no question he saw them. He has no recollection of seeing them. He recalls seeing them on March 31, 1928 at the Morrison Hotel in Chicago.

The information contained in Exhibit W-51, wire February 22, 1928, Moody to Moyer, that Story was quoting lower prices to the Big Four than West Carrollton's prices net after deducting 2½% and that Story had made a new deal with the Institute, giving them lower prices than West Carrollton's, would have been of equal interest to Paterson and Kalamazoo. He has no recollection of communicating the contents of Moody's letter to them.

West Carrollton announced another price reduction of one cent on March 9, 1928. It went out that date. It came to his attention that on the same date Paterson and Kalamazoo made identical reduction. He had a communication with the representative of Kalamazoo prior to getting this announcement March 9 from West Carrollton Co. (Ex. W-111) out. On March 7th or 8th, 1928 Southon called him up and told him that these discounts were just driving him mad — 2 and 5 — that he (Southon) didn't know where they stood; that they were going to meet Story's price of March 2 by coming out with a new price list. Story had dropped one cent and the others had not, Southon told him. Witness sent the manuscript to the printer for the new price list as soon as he could prepare it. He sent out a letter on the 8th or 9th, and the price list was mailed out March 26 as shown by Exhibit W-112, March 26th announcement. It takes some time to get those price lists prepared. Southon told him he was trying to get Paterson on the telephone, but he couldn't do it. He does not know whether he got Paterson. Q. What did you tell Mr. Southon? A. I think I said "Good". Q. Did you tell him you would do the same? A. I am not positive. Probably did. Q. That is your best recollection? A. Yes, I just remember saying "Good" because I wanted to get the discount wiped out. I was glad that we could get rid of discounts. Witness is shown Exhibit W-54, letter February 27, 1928, Moody to witness,

reading in part as follows: "There were no orders in the yards today. This might have been just a coincidence; again it may be attributed to fact that buyers are holding back orders awaiting lower prices which one of our leading competitors has led them to believe might be effective today. Everywhere I went in the yards today the buyer inquired if I had received any advice today of lower prices. This line of conversation, or rather this condition should be corrected so that will not occur again." Witness remembers that letter. He did not know which one of his leading competitors was said to have led the stock-yards to believe that a drop in prices might be effective on February 27th. All he knows is that Moody wrote that to him. Moody telephoned him very frequently and particularly at that time when the question of discounts was in the air. Moody did not in one of these telephone conversations say which one of his leading competitors had led him to believe that. Their leading competitors were Kalamazoo and Paterson. It is a fact that buyers in the yards were holding back orders February 22, 1928.

Witness' attention is called to Exhibit W-57, letter from witness to Charles P. Orchard February 29, 1928, reading in part: "Got back from New York Sunday, but I did not have a good time; caught a severe cold and was busy nursing it. What other time I had was spent in Association meetings and other business engagements." Witness remembers that letter. When he attended these meetings of the American Pulp & Paper Association, there were many different associations who hold different meetings and have speakers. Some he goes to hear and others he does not. Q. Well, one of these associations was the Parchment Paper Association? A. There is no parchment paper association as recognized by The American Pulp & Paper Association. There is no real association. Q. It is no subdivision of that Association? A. No. Q. It is purely an informal organization of these three companies? A. That is what it is exactly. But nevertheless the Import Committee of the American Pulp & Paper Association worked with the parchment manufacturers. This letter does not assist his recollection at all as to his meeting with parchment manufacturers.

At the meeting at the Morrison Hotel in Chicago, March 31, 1928, Dohan, Cashmore, Southon and witness were present. He assumes that there was a discussion of Story but he does not recall it. Q. Do you recall any subject in connection with Story that was discussed? A. No, I see no reason for that meeting.

Q. You see no reason for that meeting at all? A. No sir. Q. On any subject? A. On any subject. Q. Do you recollect anything that was discussed at the meeting? A. I do not, at that particular meeting. I wondered at the time why I stopped there.

About May 14, 1928 he met Southon and Cashmore in New York. There was talk about the Story Company at that meeting. There he told them that Armour had notified West Carrollton that unless they made a better price on printed parchment, and quarter-pound wrappers especially, they were going to take the business away from them; that Story was making better prices and they could not afford to pay more. Southon said they had brought the same proposition up to them. Cashmore did not say anything. Witness does not think at that time it hit him. The price reduction in printing on these was not effective that very day. The notice of the change went out May 17. He sent it out as soon as he could print it after getting home. It didn't come to his attention that Paterson's schedule was effective May 14. He thinks that that is wrong by ten days. Cashmore did not say at the meeting that Paterson would reduce its prices on printing. Southon said Kalamazoo was going to make a new panel for sizes under 63 square inches, at a lower price. He stated what the price was to be. Witness did not state that he was going to do likewise, but he made a mental note that he was going to do so, because he could not do otherwise if they cut the price. He did not communicate to the others in any kind of language or gesture that he was going to make that reduction but he made it as soon as he got home. He doesn't know whether Southon made a reduction or not. He has not seen their price list. Cashmore said at the time that he didn't know. He was going home to figure his costs. He doesn't think that he got out the reduction that very day.

West Carrollton buys waterleaf from two or three different sources. Wakana's competitor referred to in Exhibit W-141, letter Wakana to Moyer February 15, 1928 was Kalamazoo.

Witness' attention is called to Exhibit W-140, letter from witness to Wakana February 11, 1928. The "other source we have on Waterleaf" who "called me on the phone about these conditions and advised that they were ready to make a better price on Waterleaf and wanted orders", referred to in said letter, was Kalamazoo. It may have been either Southon or Kindleberger who telephoned him.

In Exhibit W-159, statement of West Carrollton's costs, the first three columns headed respectively "Production in Pounds", "Shipped in Pounds" and "Sales" refer exclusively to the company's parchment business, but the last column headed "Profits and Losses" is on their total business including "waxed and parchment" combined. In order to show the profit or loss from month to month of the parchment business exclusively there must be taken into account the column on page 2 headed "Waxed Manufacturing Losses," to be added or subtracted according to the color of the ink.

(*End of Moyer's Testimony*)

MILTON EDWARD GOLDMAN on direct examination for the plaintiff testified in substance as follows—He was treasurer and assistant secretary of Story. He was connected from its organization until October, 1928. He had been out of business on account of his health a year and a half, and for 28 years before was in the manufacture of ladies' garments, the last six years as president of the company, of the Cohen, Friedlander & Martin Company of Toledo, Ohio. His entire business career was with this company. He started as stock boy and retired in December, 1925.

He first heard of the Story enterprise about March, 1927. It was called to his attention by Mr. Rosenthal in Detroit who became the first president of the company. He had been considering going into a different line of business with Mr. Rosenthal and he sent for him; thought this looked like an opportunity. Mr. Rosenthal introduced him to others that were in charge of it. Nothing had been done then about organizing the corporation. It was in the air. In that connection he met Mr. Levin. They had an option on a plant in Trenton at that time. Mr. Story had negotiated with the village concerning the water and power and other things there at that time.

He met Mr. Story shortly after meeting Mr. Levin. There were two Messrs. Story, Alva Story and William Story. They were in business around Detroit, not in Detroit, but not in anything to do with the paper business. He met Mr. William Stearns who later became a director of the company. Mr. Stearns was retired. He had been in the paper box business and corrugated paper business for 35 years. He knew quite a bit about paper and parchment. He was told and investigated Mr. Levin's experience. He verified the facts as to his education and especially his connection with the Kalamazoo Parchment Company. He had had nothing to do with the paper business before. He met Mr. Shedd early. He was in the creamery business using parchment. He met Mr. Harry Grant. He didn't meet him until they were pretty well along in the organization, probably six weeks later. He was in the steel and iron business in Detroit, structural steel. Mr. Edwin Rosenthal became president, Mr. Ezra Levin, vice president and manager, and Mr. Alva Story secretary. Mr. Goldman became treasurer and salesmanager, and a short time later was elected assistant secretary. The Board of Directors besides these officers were Mr. Stearns, Mr. Grant, Mr. Shedd, Mr. William Story, and Mr. Finster-

wald who was an associate of Mr. Rosenthal. There were about 55 stockholders, the majority of them located around Detroit.

The corporation was organized with $200,000 of Preferred at the time it was organized. He was elected treasurer and handled its finances and knows about the amount that was actually paid in for stock at the outstart. He handled its finances afterwards. $204,000 was paid in by the stockholders. The authorized capital stock was $204,000. It was really $296,000, but they never issued the Common stock. $204,000 Preferred and $4,000 of No Par value were issued, and there were $96,000 of Common that were never issued. "Mr. Whipple: Would it do any harm to ask if those were paid for at par? Mr. McClennen: It would raise just this question. The Court: I think the jury understands that this is not to be treated as evidence on the question of damages. I can see no particular harm in it. Mr. Whipple: That I agree to."

$200,000 was paid in for the Preferred and $4,000 for the Common. Exhibit K-90A is an outline of the parchment machine that they installed. The description is accurate except as it omits the description of the acid control. A parchment machine was installed in Story's property at Trenton, sixteen miles from Detroit on the Detroit River. There was a building on the property when purchased. Story added the large building for the parchmentizing process. They had no paper-making machine. They bought their waterleaf. The business that was undertaken was simply parchmentizing and selling. They used electrical power. They used water for washing. They started the parchmentizing machine the middle of October, 1927. They bought their waterleaf from the Bryant Paper Company of Kalamazoo. They had no troubles at the outset, but they had all the troubles incidental to tuning up the machine. That was in December probably. When they were experimenting the trouble was merely getting the machine tuned up. It was nothing serious. They began to produce on orders in the latter part of November. They began to take orders about October 10, 1927. They had manufactured samples.

They adopted the policy of selling through the jobbers solely. The original policy was to sell at wholesale only. They had no intenton of selling to retailers. They had no sales agents. Mr. Stearns, who was a director, volunteered to establish jobber agencies. He was acquainted with practically all the jobbers in America and having entrée to those jobbers he thought he would

have little difficulty in introducing their parchment. They believed they could allow the jobbers 5% selling commission. They did not hire any salesmen at first.

He made one trip before the first of the year. He went to Omaha, Kansas City, and Chicago. Stearns acted without compensation. His traveling expenses were paid. Levin had charge of the technical end of the business. He was general manager of the mill and the mill superintendent was Frank Eggert. Eggert had charge of the conversion process. Under Eggert were the men in charge of the finishing which means the cutting and packaging of the paper, and under Mr. Levin was the entire charge of the printing department. They had possibly thirty employees at first, in December.

The first person he saw with regard to making a sale was a young man named Herbert Nock in Chicago. The next was Mr. Tommy Koch. He conferred at some time with Kirscheimer Brothers Paper Company of Chicago and the F. C. Traver Paper Company of Chicago. The first people they talked with about selling their product were the Kirscheimer people of Chicago and the F. C. Traver Company. They were both in Chicago. The F. C. Traver Company was a paper jobber and printer of paper. The Kirscheimer Paper Company were paper jobbers and Chicago manufacturers. That was in pursuit of their policy to establish jobber agencies. It was Kirscheimer that they saw first. They made an arrangement with Kirscheimer. The Kirscheimer referred to in Exh. W-90 dated February 6, 1928, is the same Kirscheimer. He did not have a price list when he called on Kirscheimer the first time. They called on him very early. When they made the arrangement for Kirscheimer, of course, it was an oral arrangement. They never had any contract with any of these paper jobbers. That price list was gotten up the latter part of November. He rather thinks that they arranged with Kirscheimer before the list was gotten up. The first price list was probably gotten out about ten days before December 1. At that time he had seen price lists of other parchment concerns. They had compared their own price lists with those of other concerns. "Q. Have you compared the booklet entitled 'Price List Wholesale, Story Parchment Company, Trenton, Michigan,' with a date stamped on the first page of December 1, 1927, marked Exh. S-1, with the other price lists, or price lists that were effective at the date it was issued and how the prices compared?

A. They were identical as nearly as possible with the prices contained in the other lists. Q. Were your basic prices the same? A. The basic prices were the same. Q. Had you any retail prices? A. We had none. Q. The retail prices in the old price lists are called "resale," are they? A. Correct. There had been charged in the price list published by the other mills a half a cent a pound on all rolls from pony rolls up to jumbo rolls above the sheet prices quoted in the books, an additional charge for very narrow rolls. They appeared in the books in each and every one of them. It appears in all the price lists. We had published that differential. Q. What did you observe at the mill in the course of manufacture with regard to the costs of the larger rolls as compared with the equivalent sheets? (There was an objection to the question.) Q. Well, was any computation made by the mills? A. There was. It was made under my direction. It was to see which cost most, whether there was a difference. The way they had constructed up their machine they had set up the machine from the 'wet end', as they call it from the water leaf or the acid end down to the other end, which constituted a cameron rewinding machine which rewinds the roll in one straight line. Their rolls were run off the machine into this large cameron rewinder which automatically cut large sized rolls, Jumbo rolls, requiring no rehandling whatsoever, but saving the expense of carrying the paper over to the cutting machine to make sheets out of it or smaller rolls; so they were in shape — the naked eye could see it — to make Jumbo rolls, large size, on this Cameron rewinder without any extra handling of the paper whatsoever. The making of the Jumbo rolls was really cheaper than making sheets. With regard to the rolls of smaller size they required extra handling which required additional expense. They were called pony and standard rolls both. The expense of producing those was much larger; but not larger than in the case of sheets. They were run on a smaller rewinder in another part of the building. Their cost was about the same as sheets. There was a slight difference in the cost between sheets and the smaller rolls, but in the case of the Jumbo they found the cost was smaller." (This evidence was received only to show his state of mind and not as evidence of fact.)

After his talk with Kirscheimer he made an arrangement with him with regard to the jumbo rolls. He offered Kirscheimer the same price on Jumbo rolls as on cut sheets. The basic price with no differential. No written contract was made

with him but they took an order from him for 4,000 pounds about the latter part of October. They had made some paper the middle of October.

He called on Hollis & Duncan about two weeks later, about November 16th or 17th. He had a brief conversation with Hollis & Duncan on this matter of jumbo rolls. Mr. Levin was with him. They outlined to Hollis Story's policy, that they intended to sell at wholesale only and through distributors to jobbers primarily, and as he was a jobber and converter they would like to have him handle the product, and that they would sell him Jumbo rolls at the same price as sheets. Mr. Hollis grunted, if he remembers it. He evidenced no interest in it whatsoever. He gave them no order. They stated to Hollis that they would give him jumbo rolls at the same price as sheets.

Up to the first of December they had been in negotiations with about fifteen or twenty jobbers. They were located chiefly in Pittsburg, Buffalo, Rochester, Syracuse, Boston, Providence, Philadelphia, Baltimore, Washington, Cincinnati, Detroit, Chicago, Kansas City and Omaha. That is about all. They had had correspondence with a large number. They had correspondence with Zellerbach in October or September. Between the middle of November and the first of December they tried to get the trade of the Big Four Packers through Osman and through Nock. Nock secured an order from Armour & Company the latter part of November.

He first saw Osman the fore part of October at Trenton. Osmon was the general manager and purchasing agent of the Institute of Equipment & Supply, which would be the Purchasing Division of the American Institute of Meat Packers. The parent company is the American Association of Meat Packers, and the Institute of Equipment & Supply is the Purchasing Division of the Association. The function of the Division is to purchase collectively for distribution among their members. The Institute is the name that is usually accepted in the Trade as the name of the Purchasing Division.

The first order from Armour was taken December 5th at the wholesale list price less ¼¢ namely 15¾¢ on a 16¢ list. It was necessary to leave samples with Armour & Company for them to test probably two weeks before Story received the order. The order was forthcoming after the test. What he referred to when he took the order as the date of the last of November was when he went in and presented his samples and left them

for the test. Osman had told them a month previous that the other parchment dealers gave this ¼¢. They had made a tentative arrangement with Mr. Osmon. Mr. Osmon came over to look over their plant and wanted to know what their production was, how soon they would be in production, when they could deliver and what they could deliver, and wanted to take samples of their paper back with him and advanced some criticism of what they had done up to that period, although they were not yet in production. They told him what their production was. When Osman was at Trenton they explained to him that they were going to sell at wholesale only, that their product, they hoped, would be taken entirely by the wholesalers; that they were looking for purchasing avenues such as afforded a disposition of their product; that it was not their intention then to employ salesmen to sell their paper; that it would be sold through the proper merchants and such institutions as his, and that they would allow selling commissions to those sales agents whether they were paper merchants or whether they were large users of paper such as the Institute represented. They offered Mr. Osmon at that time a 5% selling commission on any and all paper that the Institute of American Meat Packers or the Institute of Equipment & Supply, whichever one wants to call it, would use.

This was about the 10th or 15th of October. They were not yet in production. They were just getting ready to experiment on the first rolls. Osmon hadn't seen but a sample then which they had ready. Said they were going to allow the paper merchants and paper jobbers 5% and that they would allow that to the Institute. Osman said that any saving they made would be passed on to the members, as they contributed to the support of the Institute annually in proportion to the size of their business, so they got the benefit rather than the Institute getting the 5%. He said that he thought he could take the entire production of Story's plant for his members on those terms. They had not then gotten out a price list. They told Osman that their prices would be the same as those of the existing parchment mills. (Osman's statement of what he thought he could do was not received as any evidence of the fact.) It was left that they would sell to the members of the Institute at the wholesale prices with a 5% commission off. Mr. Osmon expressed confidence at that time that he could sell the Big Four

with the possible exception of Armour. The Big Four were members of the Institute. Osmon said there were about 300 members in the Institute.

Witness saw Traver Paper Company first at the same time as Kirscheimer — in June or July, 1927. In October they made him the same offer as to Osman. They said they were trying to sell their paper in Chicago as far as possible through a paper merchant, and that they would give their product to him at 5% selling commission at the existing prices. He said that he could sell their product. (It was agreed that this should be disregarded as evidence of the fact. The Court said "I doubt very much whether it is admissible on damages, but is to be limited as evidence of a result flowing from the activities of the defendants.") They consummated a trade in October with Traver by which they were to be their representatives in Chicago on the 5% commission. In addition to being a paper merchant he was a printer of paper. Traver did not sell the Big Four. Witness ascertained that the Big Four packers did not buy through a jobber. Traver told them so. Witness saw Nock, a paper broker in Chicago. They got the above Armour order through him, but no more, so they got Koch as a salesman on commission to get the Big Four. Koch under their original arrangement with him was to get 4% on paper and 1% on printing. All Chicago was his territory (394). They made a rearrangement with Osman. They wrote Mr. Osmon that inasmuch as they had made arrangements with Mr. Tommy Koch to represent them in Chicago in the sale of their product, they would be unable to go through with the proposition that they had made to him four or five weeks earlier, concerning giving him 5% off for his members, but that they were ready to make some new arrangement with him and possibly through Mr. Koch in the near future. That was about the middle of December after they had engaged Mr. Koch. It was after the Hollis & Duncan interview. Koch later made an arrangement with Osman. Osman was offered 2½% selling commission on all orders from the Institute. This was about January 15th or 20th, 1928. Koch was to receive 2% commission on this business, instead of 4%. Osman was to have 2½% — that is, all the packers were to receive that. It was 2%. Koch was to receive 4% on the Big Four business if he secured any and 1% on all printing and 2% on the business of Institute members that came through the Institute office. The members were to have 2½%. Mr. Osman or the Institute did. That was

accepted by the members themselves. Mr. Osman didn't do that, the Committee did. The time when the 5% was withdrawn was about the middle of December. It was shortly after they had engaged Koch. They had to pay him a commission and then they cut down the commission to the jobbers in that territory, down to 2½%.

Up to January 1, 1928, witness had taken no orders except at list prices, with the exception of Jumbo rolls. Kirscheimer was the only Jumbo roll order. He does not recall that they had broken their list prices, other than allowing the commission to salesmen and to purchase agents. In giving the 5% to jobbers they couldn't dictate what they did with it. If they saw fit to give it to their customers they could, just as the Institute could. They took orders up to the first of January on which they allowed a full 5% commission — not from the Institute. They shipped Kirscheimer, who was a jobber and bag maker, four thousand pounds of paper before the first of January. To people outside of Chicago they sold it on a 5% commission. They sold it to jobbers. They had sold to nobody but jobbers up to the first of January 1928, outside of this order for Armour. The 5% to the Institute was changed before they had any real understanding with Osman. Osman was to take it up with his committee. The first one of 5% was tentative.

He first heard that their friendly competitors in the parchment trade had reduced one cent on January 3d, when the new lists were received by some of Story's jobbers. They called it to the attention of the witness quite promptly. Story had not reduced their prices from their list, otherwise than as above stated, before that. When he got his competitors' price lists showing a cent a pound off, they had a hasty conference. It came on like lightning out of a clear sky. They had no idea that it was coming. They got in touch with Koch at once. They reduced January 4th. They made an announcement on January 4th.

They were never invited to join any Parchment Association. He saw their competitors' circular on Jumbo rolls — all three companies. They reduced on all rolls. The only reduction Story had granted was on Jumbos, where the price of the roll was less than sheets. He thinks they sold rolls in December at their competitors' price. January 4th they sent an announcement of one cent a pound basic reduction and the others calculated. They still were not selling to the consumer except trying to sell the Big Four and the packers. They were not selling at retail. Story's

price list was sent out about January 15, 1928, or a little later. This is the extensive price list and not the bulletin dated January 7, 1928. Story's price list is practically the same as all three of them. Except as already stated, they did not sell in January at less than list prices with the exception that he spoke of before, where they gave 5% off to their selling agents, whether they were the jobbers or the Institute 2½%. On the Institute members they gave Koch 2% selling commission and 2½% to the Institute. They sold the Big Four during January. They gave them no quarter of one cent. They were members of the Institute. They sold to them on the same basis as they gave to other members of the Institute. They got 2½% off the list price. They did not receive their orders from the Big Four through the Institute. The 2½% was given directly to the Big Four after about the middle of January. Before that they had not offered the Big Four 2½% off. They hadn't sold to the Big Four then nor offered. They gave the Big Four just what they then agreed to give Osman. There were one or two instances in the latter part of February where they gave the quarter of a cent off, but they were isolated cases. They were either to Swift or Armour, in addition to the 2½% — about the 27th. He didn't know it until he looked for the orders. Two weeks before the first of March they had heard about something that was going to be or likely to be done about the discount or trade discount given by the three companies. On the evening of Feb. 29, 1928, Koch telephoned him that prices had been reduced nearly one cent a pound by a 5% discount. On February 16th or 17th, 1928, he was in Chicago. He did not see representatives of their competitors. He learned something from Mr. Koch.

"Q. And was it at that time that you learned something with regard to the

"prospective cut in price — A. Yes, sir.

"Q. — of your competitors? A. Yes, sir.

"Q. About the 15th —

"Mr. McClennen. Just a moment. I suppose that all that you mean by that is that somebody told him something not that they had in fact done anything, that is—

"Mr. Whipple. No, the competitors said something; they had not done anything, but they had said something when they were there.

"Mr. McClennen. Then if it is urged for that purpose, I ask that it be excluded as being pure hearsay.

"Mr. Whipple. I have not asked what it was.

"Mr. McClennen. No, but you have asked what amounts to what it was. You have just said that they said something that indicated that the competitors either had done or were going to do something. I submit that that should go out.

"The Court. It may stand.

"Mr. McClennen. May I save an exception.

"The Court. Yes."

The Association of Creamery and Butter Manufacturers is an association composed of between 300 and 400 of the most prominent manufacturers in America. Their headquarters are in Chicago. All of its members use parchment as a part of their supplies for wrapping butter. Many of them use printed wrappers.

Witness did not have a conference with an official of the organization, but with a representative,—Carlson of the Fairmount Creamery. He was one of the leading spirits in the organization. He doesn't know whether he was a director or an officer. He did not have any negotiations with anyone whom he knew to be an official. He talked with several members of the Association who were on the Purchasing Committee—Malley of Sugar Creek Creamery, Johnson of North American Creamery and Carlson of the Fairmount Creamery. The Fairmount Creamery had nineteen branches, but their headquarters were in Omaha.

In January, 1928, about the 30th, in Omaha, he talked with Carlson. Story had been selling butter wrappers to many of the prominent creameries. Carlson asked their prices on butter wrappers. Witness informed him they were the same as everybody else's. He said he was going to a meeting of the Association, at which time they intended taking up the subject of the collective buying of parchment paper, and that if Story was in a position to give them some sort of an inside selling proposition on parchment, they might consider buying their parchment collectively. This Association was similar to the Packers Institute.

Witness did not hear from Carlson direct, but through Jensen, who occupied a position in the Association similar to Osman's in the Institute. Jensen was in charge of the association of Creamery Butter Manufacturers in Chicago, in charge of their offices and in charge of whatever collective purchasing they would do. Witness did not talk with Jensen. He had a letter from

him. The letter accompanied the bulletin that was sent out to the members announcing they had decided to distribute Story Parchment through their association. He can't remember the date.

As early as January 27, 1928, Osman sent out a bulletin notifying all the members of the Meat Packers Institute that they would be entitled to a trade discount of 2½%. They made the same arrangements with the Creamery and Butter Manufacturers' Association that they did with the Meat Packers Institute, and the same arrangement with Koch for his commission of 2%, with the exception of some towns where the members of the Association were already customers of some other jobber of Story's in Detroit, the Detroit Creamery was the Frank Paper Company's customer. Koch received no commission on their business. The Creamery and Butter Manufacturers' Association or its members had the 2½% trade discount under the subsequent talk which was introduced by the Omaha talk of Jan. 30. The Association had nothing to do with the Land O' Lakes Creameries.

Witness visited Minneapolis some time in December. He saw Mr. Swendson, the purchasing agent, and Mr. Solie, the general manager of the company, of the Land O' Lakes. That was another association. They operated in Minneapolis and their creameries were all over the Northwest, Wisconsin, and Minnesota, and he guesses as far south as Northern Dakota. It consisted of three hundred and odd creameries. He made a tentative arrangement. They explained to him that they had a Purchasing Division where they purchased supplies for all of their members and had done a business of upward of four million dollars in creamery and dairy supplies the year previously, and that they had been able to purchase supplies at wholesale or jobbers' prices invariably, with the exception of parchment. They had been buying parchment for several years from one of Story's competitors, and had been paying the wholesale price, without any selling commission. They had been distributing this paper to their members. At that time Story had no representative in Minneapolis outside of the jobbers, and witness offered the Land O' Lakes a 5% selling commission on all business that they would secure from their members and give to Story. They accepted and gave him an order at the first time witness called. It was a trial order on plain paper, to be printed and cut into butter wrappers. Story was not to do that. He

learned later who did their printing. The order was taken in December and delivered in January. In January he had occasion to go up there again, with reference to the printing. Information was given him first by Mr. Swendson and then by the printer about difficulty in printing it. The latter part of January he went to Minneapolis in the hopes of getting an order and called upon Mr. Swendson. He informed the witness he had received the paper; while he was satisfied with Story's proposition, with its policy, with the concern, he had delivered the paper to his printer who was situated over near St. Paul some three or four miles from his plant, an independent concern that did all of their printing, and that the printer had called him up from his printing establishment and informed him that if he bought any more of that parchment that he would have to look for a new printer, that he was all through printing, that he could not do anything with Story's paper. Witness went to see the printer. Up to that time Story had had no difficulty itself in printing the paper, nor had he had any other report of difficulty in printing. Witness saw the printer after he had heard he had complained of the parchment. He saw the printing. They were printing Story's paper while he was there. He walked around two of the presses in company with the proprietor and inquired personally of the operators of the presses if they were having trouble printing Story's paper. They said they were not. They were having no difficulty in printing. There was nothing about the printing that was not right as he observed. There was nothing wrong with the product as they were printing it. He saw the printing after they had done it and while it was going on. He had some talk with the operators about it and with the proprietor about whether there was any trouble or not. He did not see any printing there that there was any trouble with nor anything that had been printed that was not printed properly nor any trouble with the parchment.

Witness did not get any further order from Land O' Lakes Creamery at that time. About two months later he secured a voluntary order from them. The first order that has been found is dated January 26, 1928. He thought it was earlier, but is probably in error. The invoice does not show the 5% off, but they got it. It was billed to Land O' Lakes Creamery. That was the name of the Association. All shipments went to the Land O' Lakes. That was the name of the co-operative association. There was a packaging company that had the Land O'

Lakes sign on it. Witness never went into the details of the organization. That was the name of the company that controlled it. They have a large building there where they package butter. He doubts if they made butter in this particular plant. The butter was made in the several hundred outside creameries. This concern was the one that applied the parchment to the butter, and was a consumer of parchment to a great extent. The butter was shipped in tubs to a large extent, and they packaged it and wrapped it in this paper.

During March, Story was selling at the basic prices, — at 14¢ per forty-pounds and 13½¢ per thirty-pounds, beginning March 2d. They did no business with Land O' Lakes during March; with the Institute they did business on the basis they had originally started with, allowing them 2½%. That basic price continued until Story went out of business. Printing prices were reduced on small butter wrappers, ¼ and ½ pound wrappers, up to 63 square inches, 7 x 9, by the other three parchment manufacturers 6¢ a thousand on minimum quantity the latter part of May. Story had been doing a very considerable business in those wrappers. It was a large part of their business. They were selling to the Detroit Creamery, to the Kroger Baking Company and to the members of the Creamery Butter Manufacturers Association at the list price. It had been a substantial part of their business, possibly since the inception of the business. They did a small butter-wrapper business as early as December. It had from the beginning been a large part of their business. It had grown in proportion to their other business in April and May. The first information of the reduction came in a letter from the Kroger Baking Company. They had been selling them a considerable lot of wrappers. They sold them after that at the reduced price. It was reduced 33⅓% on printing. There was no other change in printing prices except in that small size that Story was doing business in, that is, the change was solely with regard to the printing of smaller butter wrappers, quarter pound and half pound butter wrappers up to 63 square inches. They had a contract with Kroger. They had not known of any reduction before this letter of March 23 from Kroger. He has had prepared a list of all the orders received by Story beginning from November, 1927, and running into August, 1928. It was made under his direction. He did not, as he recalls, order any waterleaf after June 1st, 1928. After that date they made efforts to sell what they had in process

and in inventories and on order. There was waterleaf on order in June delivered after the first of June. They were running well in March, 1928 — at their very best.

A schedule showing orders received by Story Parchment Company from November, 1927, and running into August, 1928, was marked Exhibit S-7. It may be inspected by the Circuit Court of Appeals as a part of this bill of exceptions, and shall be transmitted thereto for this purpose.

A statement of the aggregate amount of sales of the Story Company from November, 1927, to October, 1928, was marked Exhibit S-8.

The exhibit was prepared under his direction from the books of the company. The books were made up from the shipments. The exhibit is an accurate summary of the invoices. The figures are those shown on the first of the invoices without deducting the trade discount or the cash discount, so that in the case of sales at 5% off the figures are too much by that amount and so far as the customers took advantage of the cash discount there should be deducted 2% from the figures and so in the case of the 2½% discount. They show the gross amount. The invoices which totaled the figures on this schedule were all in the court room. In the aggregate they were by months as follows:—

November, 1927	$2,149.53
December, 1927	6,538.02
January, 1928	13,193.09
February, 1928	29,007.36
March	39,045.54
April	33,144.82
May	33,464.36
June	39,769.90
July	34,136.29
August	28,413.92
September	7,589.84
October	3,988.03
Total	$270,440.70

In March the mill was running at about one half production — in January, about one third — in February, a little better — in April, about one half — in May, about one half. There is a way of calculating whether you can run a mill profitably at half production.

Story never succeeded in getting orders enough to run more than one-half capacity. Story did get enough to run the mill at half production. That was in March and April. They have made a schedule of the total sales that were made after January 2 at the price at which they were actually made as compared with what they would have brought at the price that was prevailing when they went into business and before the one cent cut of January 2 was made. They took all the orders after January 1 and the prices at which the orders were taken, and then made a computation of the total and a computation of what they would have received at the prices prevailing when they went into business. A large bunch of papers handed to the witness is that computation. It was made under his direction. He followed it along as they were making it. The people who made it were their office man and two assistants, stenographers, and bookkeepers. He has the figures which are the result of that computation. A memorandum which he has is a compilation of the results of this schedule.

Blanton asked for a quotation from them on 250,000 8 x 11 parchment wrappers. On the second of March their price was 95¢ per thousand. Witness quoted 91¢, f.o.b. Trenton. It was customary to ship parchment to Mississippi River points delivered. The 95¢ catalog price was a price delivered to Mississippi River points and Ohio River points. The freight rate to St. Louis from Trenton was about 72¢ a hundred. 8 x 10 sheets weighed 6 pounds and 10 ounzes to a thousand, so they figured they could afford to sell the 95¢ sheets at 91¢ f.o.b. the mill at Trenton. They replied that they had always bought at a delivered price. They said if they bought they would expect the same terms, so Story quoted a price of 91¢ delivered. This was not done further than to this single individual. Story paid the freight. The correspondence on this transaction was marked Exhibit S-9.

Witness knows about the concession on wrappers to Armour. On March 13, 1928, on one million Clover Bloom wrappers, Koch made an erroneous calculation and offer. Armour felt that they ought to stand by it. Story didn't stand by it, but compromised because they had made that figure erroneously which Armour had accepted. This was only on ¼ pound wrappers. At that time the price was 41¢ per thousand, plus 18¢ for printing, making 59¢. Armour enjoyed a 2½% selling commission or trade discount from the price list. Koch accepted

orders from Armour, and in calculating the price, taking 2½% off 59¢, put his decimal point one figure ahead of where he should have put it, and put the price which is marked there for that wrapper at 44¢ per thousand instead of 58¢. It was Koch's error, an error in arithmetic. They discovered the error upon the receipt of the orders the following morning and wired him immediately that the list price was 59¢. A copy of the telegram is in the court room. Koch replied and his reply is here, that he recognized the error and that he would take it up with Lovelace, Armour's buyer; which he did and his letter indicates that he was able to compromise with Armour's buyer although they had given the order at 44¢ which was below the price, and he compromised with Lovelace at 53¢, not telling him that he was cutting the printing price nor cutting the paper price, but they merely compromised for an error that he himself had committed in order to square it with this particular order for half a million Cloverbloom quarter pound wrappers. Witness had a conversation May 17th with Moyer at his mill in West Carrollton. The witness called upon Moyer.

"Q. Will you state what your conversation was?"

Defendants objected to this question on the ground that the incident came into the record only in a letter from Moyer to Cashmore, put in by plaintiff with no present evidence that Moyer was a conspirator, and that the offer is pure hearsay.

The Court admitting the question, the defendants duly excepted. The exception was allowed. The witness answered:—

"I introduced myself to Mr. Moyer, took a seat, and was there probably ten minutes, asking him if he could make money at the present price of parchment, and he told me that he could not. He wanted to know if we could, and I told him no. That was the gist of the conversation, and very little more than that was said. He wanted to know where I was going." He further testified:—"I told him, and he wanted to know whether I couldn't stay a little longer, said that he liked to talk to his competitors, that he thought it was good business to be on friendly terms with his competitors. He wanted to know if I was coming back that way, and if I would stop on the way back. I told him that if I came back that way and had the time, I would. That is about all that I recall of the conversation." There was some talk about cutting prices. "He walked with me to the head of the stairway, and he said something about these reductions in prices — And I

mentioned that they were undoubtedly responsible — or he said something about our being responsible for it, and I said, 'Well, you know better than that.' "

There was nothing said to the effect that witness or his associates had been misled as to the tonnage of the business.

At the start of the enterprise witness had much to do with buying the site where they constructed their plant. When he first negotiated for the site, they hadn't really been organized or had an organization meeting. When it was actually bought he was Treasurer and General Manager, and had been familiar with the prior negotiations. Mr. Alva T. Story had something to do with purchasing the real estate, that part of the real estate that had the building on it was bought from the Burnham-Stoepel Company. The building had been used last as a garment factory. It was not in use when they bought it. There was an additional 2½ acres to the north of the building which they bought under a contract with the Church Land Company. Mr. Story had to do with buying that. Witness was General Manager then and familiar with the negotiations. Nobody else made the negotiations. The parcel of the factory site was purchased first. The building was not adapted for use as a mill. It was 100 by 150 feet, a brick story 15 to 18 feet high. With the kind of machine they had in mind, they required a building 20 to 25 feet high. The price was $18,000. The price of the other lot was $5,000. The site to establish the mill thus cost $23,000. Those amounts were not paid in cash. Defendant's counsel objected to the witness testifying as to the terms on which they bought the properties.

They proceeded to put up a building to house their conversion machinery. Witness had to O.K. all the contracts for the construction of the building. He negotiated them in conjunction with Levin. He went around to see the different people. The construction was contracted for by several different people. He knows the total cost of the building. He negotiated practically all the contracts or had a hand in negotiating them so that he knows the cost of the building and how much was paid for its construction. The building was finished probably in August, 1927. The aggregate cost of the building was $37,000. above the $23,000. Before they started to build, they had contracted for their conversion machine with Black & Clawson Company. The business of that company was making

paper-making machinery. He conducted the negotiations. He negotiated with others, the Beloit Company and with a concern in Erie and another in New York State in an endeavor to get a contract for this sort of machine. Very few concerns built that particular kind of machine, — the parchmentizing machine. Black & Clawson under contract built the machine. Levin & Eggert also had to do with the negotiations as to specifications. Witness negotiated the price alone. He knows what the cost of that machine was installed. Black & Clawson left the installation to Story. They contracted to pay $82,000. for the machine delivered, something unusual. After several months of operation, they had a discount on it, so that it really cost $78,800. They did the installation themselves at an approximate cost of $20,000. They had one man from Black & Clawson superintend the set-up. They got it installed about the first of October, 1927.

They had many other machines which they bought. He has an inventory of all of them in the court room. The principal ones were the Cameron rewinder, at the end of the machine; a Moore & White slitter, as it is called, for cutting large rolls into large sheets; two Seybold cutting machines, to cut large sheets or small sheets, or trim large sheets or small sheets; one Seybold die press that was used for cutting circle liners, etc., with dies; printing presses, a Kidder, a Miehle and a Meisel printing press. Of course they had to buy balers; they had a Brownell boiler and an auxiliary boiler; a small rewinder for making pony rolls; also a Cameron machine for making small rolls. They had a complete carpenter shop in what they called the box making department, with band saws and buzz saws, and all the appliances necessary for making boxes and crates and shipping cartons. After equipping the new building with this machinery they used the old building for finishing and laboratory and office in the front part of it, and the rear part of it was used for a print shop and a carpenter's shop. The new building was used for their large parchmenting machine and the acid baths; the raw materials, stock, and the Moore & White slitter was in the new building and the shredder, for measuring shredded parchment and the balers. He and Levin negotiated for the purchase of this equipment. He had to O.K. every price before it was purchased. They were bought in the open market. They cost, installed, about $75,000. This made a total cost for land, buildings and equipment of $235,000, approximately. There were things added in January, February and March that brought it up to that. All the physical property is there now

in the hands of the sheriff. He is able to estimate the value of a plant equipped this way as of the 4th of June, 1928, under the circumstances of trade conditions as he knew them.

"Q. Now I am going to ask you if you will state what was the fair market value of the entire plant equipped in the way that you have described as of the first of June, 1928." Defendants objected to this question on the ground that the witness is not qualified to express an opinion, that the value on that date is immaterial, that the question is indefinite because it does not appear that the witness is going to assume in his answer the same conditions that the jury will find did in fact exist at that time, and that the whole subject matter is immaterial to this case. THE COURT: "I think that the jury should assume that in making an answer he has in mind the conditions shown by the evidence."

The Court admitted the question. Defendants duly excepted. Exception was allowed. The witness answered, "I should estimate the damage at 75 — the value at $75,000. in June." The plant was running very well in March. Up to March, 1928 they had no complaints that he recalls from customers as to the character or quality of the parchment they were producing. Up to the first of April they had had letters from customers stating reasons why the customers would not give Story orders.

He has made a computation of the cost of production during March 1928, that is, the cost of what they actually did produce which was about half capacity. From that basis, that is, the actual costs of manufacturing at that month, he is able to compute with reasonable accuracy the costs of running that plant for the production of full capacity. He has done that. The figures on a paper shown to the witness are his. They were made for the purpose of determining what the cost would be of their product per pound if they were running at full capacity. That is not at all a difficult problem, based on what his actual costs were and his experience up to that time. It would be simply doubling their production in volume, but not in cost. He has computed what it would have cost for double production based on the actual costs of conducting the mill and production during the month at half production.

In March, 1928 their cost, including conversion, finishing, selling and administrative expense, was 14.2¢ per pound. The witness was asked what was his computation of the cost running at full capacity, but upon objection by the defendant the question was excluded.

On Cross-Examination this witness testified in substance as follows: —

When he joined the organization which was or came to be the plaintiff corporation Levin and Eggert were the only ones then connected with it who had had any experience in the parchment business. When the witness joined the enterprise Eggert had not been officially engaged, but it was understood that his services were available. Eggert had been in the employ of the Kalamazoo Company and was in its employ at the time that witness first became connected with the organization. Frank was the only one that he recalls connected with the organization who had any experience in selling parchment. Nobody else, other than these three, that he recalls, became connected with the enterprise who had any experience before in the manufacture of parchment or with the selling of parchment. In the division of duties in the plaintiff corporation, Mr. Levin and the witness jointly had charge of the sales policy of the corporation, neither one superior to the other. Witness had the title of general manager as well as treasurer. Mr Levin was manager of the plant. They sent out people or began to write toward securing orders about the forepart of October. Prior to the forepart of October they had seen the F. C. Traver Company and the Kirscheimer Paper Company of Chicago in reference to their becoming customers or representatives of Story. That was possibly in June or July, 1927. He had approached Beecher, Peck & Lewis of Detroit probably in September. He thinks that covers all up to October.

Traver Paper Company was a combination of wholesale paper dealer and printer. He was buying paper as a wholesaler and selling it before and after printing. Kirscheimer Bros. Co. were wholesalers of paper and they were bag manufacturers. At the time they approached Kirscheimer the latter dealt in parchment. They were buying from Kalamazoo. Traver had been in and out of the parchment business and had not done any recently. Beecher, Peck & Lewis were buying from West Carrollton and Kalamazoo. They were wholesalers. Story adopted the policy of selling only to wholesalers. Before he went into the business he had learned that there were three parchment manufacturers already in the country, Paterson, Kalamazoo and West Carrollton. He learned something of the productive capacity of those concerns; that Paterson's capacity was about 10,000 tons a year. Kalamazoo's capacity was given at 10 or 12

million pounds a year; 6 or 7 thousand tons per annum. He didn't know West Carrollton's. Round about he got information that its capacity was about 20,000 lbs. a day; about 6 million pounds a year. This figure was production, not capacity.

He made an investigation to ascertain the demand, the quantity of demand for parchment in 1927. He made quite some investigation. He did not find that the capacity of the Paterson Company alone, if all used, was adequate to produce all that was then demanded in the country. He had no means of finding the exact demand for parchment. He had merely considered the conditions and observed conditions which existed. The figures he had received were production. He took it for granted that the production was being consumed at a profit. The gross production of Paterson, Kalamazoo and West Carrollton was 10,000 tons, 6,000 tons and 3,000 tons— 19,000 tons. He was informed that the parchment mill at Kalamazoo was busy working twenty-four hours a day. He does not recall who said that. He was in Kalamazoo several times before they started. He did not call on the Kalamazoo Vegetable Parchment Company. He looked in Poor's annual reports for information of Paterson and Kalamazoo. He doesn't think West Carrollton was in Poor's. He made an investigation before he went into this enterprise as to the prices at which parchment was being sold and got the price lists. He cannot remember whether they had Paterson's or West Carrollton's. They had the Kalamazoo price list of December 11, 1926. He understood that the price lists of the existing companies were all the same before he decided to join the enterprise. Lew Frank of Beecher, Peck & Lewis told him that before he decided to join this enterprise. He was informed that they had been the same for years. It seemed at first peculiar that all three had the same prices. He knew that. If it struck him at all as important, it struck him as a stabilized business, that prices were not accustomed to fluctuate in the business. Before he joined the enterprise he had numerous discussions with Levin about the parchment industry. He learned much of what he knew from him. He doesn't recall that they had any discussions on the stabilized feature of it. He doesn't recall that it was mentioned. He wouldn't say that he gained the impression that it was an industry in which the selling prices had been stabilized pretty high. He had an insight as to the costs of the parchment before he considered it seriously and it didn't look to him as though there was an abnormal profit

in the thing. It is true that at these stabilized prices the profit shown by the two companies looked alluring. It looked like a pretty handsome profit.

He did some figuring with Levin and others on what it would cost to produce parchment. When they went to the first concern that he has mentioned it was with a view to that concern's becoming one of the wholesale houses to which Story would sell its product. At that time Story had no price list of its own. He had already seen the Kalamazoo price list and had understood that the price lists of the Paterson and the West Carrollton Companies were the same and they had already decided on this policy of selling only to wholesalers. They told the first concern whom they approached that they would sell them parchment at 5% under Kalamazoo's wholesale price list and the same to the second and third, which were all that he had seen before they got out their own price list. Levin made up that price list. He helped on some of it. When they got out their own price list they agreed that they would use the other people's price list — that their price list would be the same as Kalamazoo's. This was after they had secured evidence from the Bryant Company as to what their water leaf would cost and after they had made contracts with the General Chemical Company for acid and after they were able to ascertain to a degree what their probable costs would be before they went into operation. This was, as near as he could fix it, some time in August, 1927.

They put the text of their price list into the hands of the printer about November 10th. He knew, to his own satisfaction, as early as May, 1927, that rolls could be turned out as cheaply as cut sheets. He reached that conclusion probably in July or August, 1927. Before the first of November, 1927 he had agreed to let Kirscheimer have Jumbo rolls at one half cent and 5% below Story's wholesale list price. The first customer that he ever approached, a wholesaler, proposed that they should cut the roll price one half cent below what the Paterson price list showed and the West Carrollton price list and the Kalamazoo price list showed, and witness proposed that Story cut off 5%, if you put it that way. The 5% was the selling commission. It is not exactly right to put it that way because at the time that they approached Mr. Kirschheimer their policy was to employ salesmen who were wholesale jobbers, merchants; they didn't anticipate employing regular salesmen like the others were employing in Chicago and paying them a salesmen's commission.

Mr. Kirschheimer was to receive the commission instead of Mr. Moody and Mr. Koch and Mr. Greenlee. When he left his first interview with his first proposed customer he had agreed to the customer's proposal that Story sell him Jumbo rolls at half a cent below the price of the other three manufacturers, and Story had proposed to him that when he came to pay the bill he would be paying 5% less than that list price; so that his first customer was going to get Jumbo rolls listed at 16½¢ as the wholesale price for 15.2¢ net. From this was to be deducted 2% discount for cash. He never sold a Jumbo roll to anybody for more than 15.2¢ per pound for 40-pound substance. The price was changed in January. Kirscheimer was the only Jumbo roll customer before that. The next concern he personally saw after Kirschheimer with a view to sales was the Traver Paper Company. Kirschheimer and Traver were both in Chicago. Chicago was the first place he personally visited with a view to getting customers. Chicago was included in his investigation of the parchment business. He went to Chicago and saw both Traver and Kirschheimer very early in the spring of 1927. He did not then talk to them about the prices he would make to them or the terms that he would give to them. The first time he called on them it was to ask questions. Kirschheimer gave him an order dated the 8th day of November, 1927, for two tons of 10¾ inch rolls at 16¢ per pound less 5% f.o.b. Chicago. Then on November 8, 1927 he accepted an order at what amounted to net 15.2 cents for Jumbo rolls. He is not sure that they had a price list at that time. He has wired to find out if they had. He believes that the price list of the Kalamazoo Company carried that item at 16½¢. When their price list did come out it carried that item at 16½¢. That is the thing he sold to Kirschheimer at what amounted to 15.2 cents. He was in Chicago on that visit possibly two or three days.

It was not at that same visit that he saw Hollis of Hollis & Duncan. He saw Hollis & Duncan the following week. In the three days during which he accepted this order of Kirschheimer's he called upon Traver. He is not certain whether he went out to see Gramer at Swift's on that occasion or not. He saw Gramer in November, but he is not sure whether it was on this trip or another one that he called on him. He does not remember whether he quoted prices to Gramer in November. They saw Cudahy in November and called upon Armstrong in the month of November and probably quoted prices to him. He quoted Cudahy the price

he had been paying, list price less a quarter of a cent. At that time he understood it was only on 40 pound paper, that is, he quoted Cudahy 40 pound paper at 16¢ less ¼ of a cent. He had no talk with him about rolls differential. He imagines they do use rolls, smaller rolls, but they hardly use Jumbo rolls. He can't recall whether he talked with Traver about rolls differential. He doubts it. Traver at this time he said they would sell to at 5% discount from list price. He quoted Traver at this time on 40-lb. sheets 15.2¢ net. He doesn't recall whether they talked about discounts to Hollis. He told Hollis about this time that he would eliminate the half cent differential on Jumbo rolls. Hollis was a wholesaler. He called himself a converter. He made paper into bags. He has no objection to telling counsel for the defendant in simple, direct language whether he did quote Mr. Hollis or Hollis & Duncan on Jumbo rolls a price that would amount to a net figure of 15.2 cents. That is the price that they quoted. When this quotation was being made in the middle of November or before the first of December, 1927, their plan was not to sell except to wholesalers. He had his first talk with Osman of the Institute the forepart of October. He first told Osman that he would allow 5% on sales made through the Institute to members of the Institute when he was in Trenton at their mill. That was in October, to the best of his recollection about the first part. At that time he did not tell Osman that he would make prices such that on 40-lb. substance the members of the Institute purchasing through the Institute could get their paper at 15.2 but said that they were willing to do it in return for something.

He is not certain that it was brought out at that time that the 5% would be turned over to the members of the Institute so that they would get the benefit, but it was understood before they reached an agreement. It was then listed at 16¢. They reached an agreement with Osman that members of the Institute should buy 40-lb. substance at a discount after Mr. Koch agreed to take 2% commission on this business. That was in January sometime. The 5% they didn't go through with. The 5% talk was in October. He understood that the Institute included in its membership approximately 300 meat packers and it included the Big Four that had been referred to, — Armour, Swift, Cudahy and Wilson, and they ran down to packers of comparatively small value as far as he knew. The allowance of 5% was not dependent on the quantity the packer bought in-

dividually. The shipments were to be made to the individual packers. They had to be packaged and handled in accordance with the size of the shipment. The result was, then, that both a large and a small packer could get the 40-lb. substance, the wholesale list price first was 16¢, for 15.2 cents, through their purchasing department, the Institute. They could get it through their purchasing department — that was Story's salesmen. These packers were not in the parchment business. They were consumers. He told Osman that this arrangement to which he had previously testified was an arrangement tentative on their delivering a certain amount of tonnage to Story through the Institute. He told him that when he was in Trenton. When they employed Mr. Koch, they withdrew the proposition. Aside from the meat packers the other large users of parchment were the butter manufacturers, the celery packers and the oleomargarine packers. Parchment had been used by one or two silverware manufacturers for the wrapping of silverware and had been used by the vegetable growers for the wrapping of vegetables. His price list had not been published when he made his proposal to Osman. When the price list came out, he had no intention of selling to anybody but wholesalers unless it be the packers he was getting through the Institute. He does not recall that they planned to give the 5% to all wholesale purchasers. Osman informed him in October that the big packers had been getting a quarter cent lower than the others. The witness had been in a competitive business of this kind for a good many years. He did not know virtually that if he made a price of 15.2 cents or a price which resulted in 15.2 cents to the big packers, large and small, that his competitors would have to meet that price or lose the business of those meat packers. He had an idea that his competitors would go right along to those large and small meat packers at a higher price than Story was offering to sell them at. He thought that they would be able to keep their trade notwithstanding Story was offering that same trade its competitive commodity at a lower figure. He thought they would hold a large part of their trade. It was possible in parchment that they should keep all their trade at a higher price when Story was quoting that trade at a lower price. It did not occur to him that if by these lower prices Story made inroads on his competitors' trade that it would be worth their while to do something with Story. It did not occur that if by lower prices Story made sufficient inroads on his competitors' trade, it might be worth while even to buy the plant. He never

thought of that. Ne never called upon them until he called on Moyer in the latter part of May, 1928. When they got out their printed price list there was a class of persons to whom they proposed actually to use the price which they published of 16¢ for 40-lb. substance to wholesalers without any 5% or any other figure off. That class was possibly the smaller jobbers, the jobbers with the limited output. They never did that. In the middle of December he wrote a letter to Osman withdrawing the 5%. He has not been able to find that letter. He couldn't locate the carbon copy. He has brought here practically all the correspondence that they had on that they could locate, but he doesn't find any copy of that letter at the present moment. It was about the middle of December. In November and December they were doing business outside of Chicago through the Wholesalers, the jobber, the paper merchant. The method which they were pursuing in selling to wholesalers was both by correspondence and personal solicitation. He has some of that correspondence here. He doesn't think he has any correspondence with any wholesaler in which he proposed to sell him at list price without any commission or discount of 5% off in November or December. The next place that he personally went to on the possibility of trying to sell or make connections for sale after his visit in November to Chicago was Kansas City. That was sometime in November. He saw the Kansas City Paper House there. When asked by counsel for the defendant if at Kansas City he arranged with the Kansas City Paper House so that if it bought 40-lb. substance listed at 16¢ they would pay 15.2¢, the witness answered: "That is a roundabout way of putting it. That was not our understanding with the Kansas City Paper House." They were going to bill the Paper to them and invoice it to them at 16¢ less 5% for 40-lb. substance and the net amount of the invoice in that respect would be 15.2¢ which would be the amount that Story would receive. Freight allowances were to come off this, and 2% cash discount. They did not consume. They sold. Story did not sell them any parchment on which they did not get the 5% off.

He next went to Omaha and visited the Carpenter Paper House. At Omaha, he made the same arrangement with the Carpenter Company that he did with the Kansas City Paper House. One was a branch of the other. They were purely wholesalers. They had spoken to a Detroit house before going to Kansas City. They had not made any definite arrangement

with them before that time. In the first part of December they made the same arrangement with Beecher, Peck & Lewis of Detroit. They usually billed the paper to them. They delivered some to their customers and charged their customers and credited Beecher with the commission. Those customers were consumers. To those consumers they gave the price that Beecher, Peck & Lewis had quoted. They had not, in November or December, billed any customers of Beecher, Peck & Lewis. He does not think that they had billed paper to Beecher, Peck & Lewis in November and December, but they had arranged that the price that they would have to pay was the same as these other wholesale buyers.

Story wrote to the Zellerbach Paper Company that they were going to manufacture parchment and asked if they were interested. Mr. Frank Stratford came to Story's mill at Trenton in the latter part of September. He was a representative of the Zellerbach Paper Company. They discussed the terms that Story would make, but did not reach any arrangement. There was correspondence in October. He has that correspondence here. A letter dated October 19, 1927, from Story Parchment Company per M. E. Goldman, Treasurer, to Zellerbach Paper Company, was introduced in evidence and marked Exhibit S-13. He had been informed that Zellerbach were buying from Paterson. He heard about Paterson and Kalamazoo abolishing the differential on all rolls in early December. He heard nothing of an intention on the part of any of their three competitors to make the reduction that was made effective January 2d, until it was made. Story had a price list from some time in November, where the wholesale price for 40-lb. was 16¢ and for 30-lb. 16½¢, and for all rolls one-half cent more. An order was taken from the Carpenter Paper Company when witness was in Omaha November 15, 1927, at 16¢ for 30-lb. substance in rolls. The published list price for these rolls was 17¢. They had published no additional list price for rolls although they changed when the other people changed. Five per cent. off from 17¢ would have left 16.15. They did not broadcast to the trade the fact they were not going to change the differential on rolls which appear in their price lists. They had not sold many rolls up to that time. The few people to whom they had sold them were properly notified that they would follow the prices made by their competitors. The price they had quoted to Hollis & Duncan was on Jumbo rolls. It is apparently a fact

that on the November 15th order they had invoiced before January 1 at 16¢ when their list price was 16½¢ for sheets and 17¢ for rolls. He doesn't know whether it was corrected or not later on. It probably was.

In the first part of January, Story first gave the 2½% discount to any of the Big Four packers. That was what he would call a discount. It might have been as early as January 4, 1928. They made this known to the big packers in December at the time they discussed allowing it to the Institute. He had no further discussion with Mr. Osman, but Mr. Koch had, which he reported to the witness. In the latter part of December, Story had authorized a discount of 2½% from the wholesale list price to the Big Four, and for the Institute as well if they would accept it. That is, they had authorized it to all members of the Institute, big and little. On a 16¢ price 2½% made their price 15.60¢. In December, they had authorized a price on 40-lb. substance of 15.60 to all packers members of the Institute, big and little, after they had discussed it with Mr. Koch. The price at which they had sold to Armour before when they thought they were selling at the price their competitors were quoting was 15.75¢. They had not offered 2½¢ to the Big Four in December, 1927. They had discussed the matter with Mr. Koch. Whether he had said that they would give it or not, he doesn't know. They took no such order in December from the Big Four. They had authorized Koch to offer to the Institute 2½% selling commission if they would secure certain tonnage. In December, they authorized to the big packers and other members of the Institute, 2½%. They were then offering paper wholesalers — paper jobbers — paper merchants, 5%. They allowed the 5% to paper wholesalers up to some time after the March, 1928 reductions. Not all wholesalers but such wholesalers as in their opinion could deliver a certain tonnage received the maximum of 5% selling commission. In November and December, the wholesalers for 40-lb. substance where list price was 16¢, got it from them at 15.2. That is the price they paid to Story. After January 2d, many of those wholesalers — not all — up to March got the 40-lb. substance at 15¢ less 5%. That would be 14.25.

In the latter part of January, 1928, he saw the Land O' Lakes and Fairmount. Fairmount was in Omaha and the Land O' Lakes in Minneapolis. He called on Beatrice in Chicago probably November or December, 1927. He did not

state any terms then. The first creamery that he offered the wholesale price was Land O' Lakes if you designate that as a creamery. It was not a creamery. It was a co-operative packing concern to which the butter is sent by the contributing members and there packaged in parchment. It uses part of the parchment which it purchases, to pack its butter. The rest is distributed to its members. He did not offer Fairmount in January the same terms that he offered Land O' Lakes.

In December, Story authorized 5% off the list price in Boston, with his sanction. This was probably the last week in November. One of the concerns offered was Claflin. January 4th, Story accepted an order from one of the big packers on 40-lb. substance listed at 15¢ with a discount of 2½% off. They began to list the 40-lb. substance in January at 15¢ a pound. They offered 2½% off of this to the big packers. They were consumers. He would term that a trade discount. Those orders were taken, not through the Institute. About the middle of January, 1928, the Institute accepted Story's offer. Thereafter Story was committed to let the members of the Institute have 2½% off the list price, however large or small the order might be and however large or small the particular packer might be individually. On 40-lb. substance, this amounted to three-eighths of a cent. The other prices were built up on the basis of the 40-lb. substance, so that in general the figures apply ratably on other divisions. On January 26, 1928 he took from the Land O' Lakes an order for 30-lb. substance at 15½¢ less 5% off. Land O' Lakes at that time said they were buying from Kalamazoo at the wholesale list price without the 5% off. So that Land O' Lakes, when they drew a check in payment, drew it for 5% less than they would be drawing their check to Kalamazoo for the same thing but the 5% was the same per cent Oberley received for selling it. The price for 40-lb. substance to Land O' Lakes would be 14¼¢. They didn't buy 40-lb. substance. This was less than the price they were quoting to the big packers. What the Land O' Lakes was buying in all at this time was not as much as the Big Four packers. It was not as much as Swift, Armour and Cudahy, individually, were buying. He thinks it was more than Wilson was buying. He doesn't know but he believes that the big packers learned that Story had made a lower price to Land O' Lakes than they were making to the big packers. They did not apply for 5% instead of 2½%. They issued January reduction bulletin quite late in

January. Their March price list went to the printer several weeks after March, probably April 1st. They had already taken orders at the reduced price before that. They issued a March 2d, 1928 reduction bulletin. For a while after March 2nd they used their January list, not changing over the prices but changing the discount to the jobbers. They issued a bulletin on the basic price and then on the upper brackets so-called that are computed from that basis they used the old price and gave a larger discount. He doesn't think it was necessary to withdraw their 5% discount to Land O' Lakes. The Land O' Lakes withdrew their business. In March they made a shipment to Land O' Lakes and invoiced it at the March price less 5%. They sold that to the Land O' Lakes. Forty pound substance at 14¢ less 5%. They made the price 13.30¢. On the March price list the wholesale price for 5½ x 6½ sheets of 30 lb. or 25 lb. substance per thousand was 41¢. They invoiced these on several occasions at 44¢ less 10% to paper merchants or selling agents. This was a better price for Story than 5% off 41¢. That 44¢ less 10, was invoiced early in March. 44¢ was the January price. On March 13th, the proper price, according to the list, for Clover Bloom wrappers was 59¢. They did not authorize Koch to offer Armour & Co. a large order for those at 53¢. After Koch had made a mistake in quoting and had compromised, Story authorized him to make a price of 53¢ on these to Armour. This authorization was about the middle of March. All through the Spring, with the explanation that he has given, they were selling these 59¢ list Clover Bloom wrappers to Armour at 53¢, — from some time about the middle of March. If their competitors wanted to sell to Armour at the same price that Story sold to that concern, they would have to make the price 53¢.

The letter of May 17, 1928, from Story Parchment Co. to Hobbs & Corning Co. was introduced and marked Exhibit S-15. The 2½% discount referred to in the letter lay in his mind to be a selling commission at all times. He did not write the letter but he may have called the selling commission a discount himself at some time. He doesn't think it was a discount. Their statement in the letter of May 17, 1928, "We have been responsible for a larger margin between the wholesale and retail price than has heretofore existed in the parchment industry" was a bit of blowing. In some sense it is true. The only way in which the margin between the wholesale price and the retail price had been enlarged was by the reduction in the wholesale price.

On reading Exhibit K-25-b he thinks that is a correct statement. He thought the parchment price reductions were due according to custom, about the beginning of December. He thought the reduction was a compliment to the quality of Story's paper. His understanding was that the others had reduced the price because Story's paper was of a superior quality and, therefore, the only way in which they could hope to sell against Story's superior paper was by having their price lower. That was his thought at the time. They were pretty certain that Story had caused this reduction. They had not intended to. He thought that notwithstanding this superior quality of Story's goods his competitors could go right on and not meet Story's prices and still keep a large part of their trade. He didn't know how much of it they could keep. From his business experience he has never thought that his competitors would lose a majority of their business if Story had a better product and also a lower price than theirs. If he ever gave it any thought he must have thought that Story could sell the Land O' Lakes Co. at 5% below wholesale price and yet these other competitors of theirs continued to get from the big packers list prices less a quarter of a cent. The packers undoubtedly knew of the 5% discount to Land O' Lakes as quick as a telegram could get to Chicago from Minneapolis after January 26. As soon as that it was undoubtedly known all over Chicago that Story was quoting the Land O' Lakes wholesale list price less 5%. He did see after that selling to the big packers at list price less only 2½% to a limited degree. Story got what you would call a fair volume of business from them. On March 2d they notified Land O' Lakes of their reduction of 1¢ a pound. They sent out no bulletin March 2d. A few telegrams were sent out to prospective customer or to large customers. Exhibit P-426 is Story's price reduction bulletin. The monthly reports of the Story Co. show the pounds of production per month and the sales in dollars. Production means the parchment that was finished in the mill in a given month regardless of when it went into the works. In October they spent the month experimenting. They have a small amount noted on the reports for production; a very insignificant amount. That is, an amount that he presumes eventually went into sales. Some of it was not perfect naturally. The report at which he is looking shows production on the conversion machine and not finished production, that is, production as it came off the parchmentizing machine and not after it had been

trimmed and cut, etc. They had made some shipments before November 30th. The inventory in November, like the shipping out, was very slight. As to pounds produced, the finished inventory, in November 1927, was $348.14. The machine delivery for that month was 34,261 pounds. The finished production thereafter was:

December, 1927	—	56,024	pounds	
January, 1928	—	88,211	"	
February, "	—	235,839	"	
March, "	—	254,310	"	
April, "	—	237,449	"	
May, "	—	238,533	"	(machine production)
June, "	—	241,231	"	
July, "	—	132,934	"	(machine production)
August, "	—	5,596	"	(machine production)

Story got its waterleaf exclusively from the Bryant Paper Co. with a single exception. They had some experimental rolls from other mills on the waterleaf that they used when delivering orders, but mainly from the Bryant mills. Story received in all 2,145,317 pounds of waterleaf. This 2,145,317 pounds that was billed to Story included not only the heavy wrapping paper, but the roll protectors which weighed approximately 50 pounds a roll, which was probably 4 per cent of the total weight of the roll. The wrapping was billed. It was all billed at one price, the waterleaf price, so that they paid for the wrappers and roll protectors. The net weight would be something a little over 2,000,000 pounds. They finished 1,733,682 pounds of parchment. They had a few rolls, possibly 5,000 pounds in all, of waterleaf on hand at the end. At the end of October, 1928, there were about 55,000 pounds — $8,052.22 of parchment on hand. This means that their sales were about 1,680,000 pounds. The gross price for this, including printing, was $270,440.70. The printing in round figures was about ten per cent. Apart from the printing, this would be about $240,000. They took off the trade discount, as it has been called, to get the actual sales. They called it selling commission. They called it on their books, discounts. They put this into the Discount column, and not into the Sales Expense column. The 2% cash discount was carried in a separate column, called "Sales Discount." The other was called "Trade Discount." The 5%'s and 2½%'s

were carried on their books in that account. The total trade discounts in 1928 on this account were $8,672.48. The trade discounts for November 1927 were $87.48 and for December, 1927, was $253.39, so that, disregarding printing, their gross sales price for parchment less trade discounts was about $231,000 for 1,680,000 pounds of parchment, estimated. In March, 1928, when running at about half production, their pound cost was 14.2¢. The largest business in sales was June, 1928. Of the concerns to which Paterson gave a discount, according to Cashmore's testimony hereinbefore, Story did not sell to any except Stimpson & Co. Story had no retail price list. Their competitors had. He believes that he saw those retail price lists at that time. He had a fair idea of how much higher the retail price was than the basic price. January 2, 1928, the competitor' retail price list dropped 1¢ on the basic price. There was no drop in retail prices in March. In the January retail list the price for 40-lb. substance ran from 21¢ down to 16¢ in accordance with the quantity purchased. On the 30-lb. substance the items were just a half cent more than for the 40-lb. substance.

Story's entire contributed capital was $204,000. That was paid in in cash. They had not expended for fixed assets, that is, real estate, building, plant and machinery, approximately $235,000; they contracted to expend it. There is a difference between whether they expended it or contracted to expend it. They secured a very long dating on all these things that they bought. They did not pay for their real estate; they paid $5,000 at the time they went into business; $5,000 in cash and $200 on the other parcel. They didn't pay for the things; they couldn't have gone into business if they had. On June 1, 1928, they had contracted for real estate approximately $60,000. The $60,000 included the cost of the building, which was paid for in cash. They had paid the sellers and contractors approximately $37,000 for the new building. They had paid $5,000 down on the Burnham-Stoepel property and had been paying it off under what is called a land contract in Michigan, $150 a month, part of which was applied to the principal and a part of which was applied to interest, and that had been going on about a year, so they probably had $1,000 in round figures off the contract price in a year's time. The June report carries permanent assets, that means the buildings and what they call their real estate, at $58,209. That is not what had actually been paid in cash. Against that they owed $16,751.50. June 1, 1928, they had accounts payable of

$89,399.12. He does not know whether that amount contains any items belonging to the machinery and equipment account or not. For machinery and equipment they had paid $151,960.34 in cash with the possible subtraction of something that was contained in the accounts payable. They had paid for trackage, $1,070.71. That was included in their land and building figures. They paid for furniture and fixtures, $956.72 in cash. By June 1, 1928, they had actually paid in cash for permanent fixed assets within about $11,000 of their contributed capital, and were under obligation for fixed assets to pay enough more to bring it to upwards of $30,000 in excess of their entire capital. They had paid approximately $151,960 in cash for equipment and still owed approximately $24,471.94. The obligations incurred for fixed assets up to January 1, 1928 were $217,659.04. A part of the balance of $17,000 which had not yet got onto the books, had already been furnished but not billed. They put in a new boiler in March, 1928. That amounted to around $10,000. With the old boiler their parchment capacity was above 15,000 pounds a day. He thinks it was above 20,000 pounds, but he could not state that with any degree of accuracy. The new boiler got into operation in March or April, 1928. It took the place of the old one. The old one stayed as an auxiliary. He doesn't know the class of boiler it was, but he knows it wasn't a second-hand boiler from a dismantled railway locomotive. They got an allowance on their machinery cost off the contract price after the machine was running. The figures that he has given are after the deduction of that allowance. This was the parchmentizing machine. It was built according to specifications. The allowance was $3,250. There was no dissatisfaction on their part with the machine, but their understanding was that they were to be furnished certain parts that did not come with the machine, steam fittings and water fittings, and other things that they were compelled to furnish. They got those separately. They had a little trouble with the parchmentizing machine as early as November—not any more than is usual with new paper making machinery. The trouble was in tuning it up, like any paper making machine. The first week it was running he thinks they made a roll of paper on the machine, the first time they tried. They did have some slight trouble with the machine — merely a matter of adjustment. It made paper all right. The first rolls they made were quite satisfactory. They were experimenting at

that time with various rolls and some rolls were not as good as others naturally. They laid some of that to the machine. As far as he knows they were right in doing so. He doesn't recall that they made any complaint about the machine. He knows of none that was made. He never heard that any of his associates made any complaint. Little defects probably affected both quantity and quality of product. A very little of the machinery was secondhand. They received their first rolls from Bryant Paper Company as early as August or September, 1927, and from then on as long as they got paper from them they had practically a uniform price; they did as soon as they settled on their furnish. "Furnish" means the quality that goes into the making of the waterleaf. They paid Bryant different prices for different weights. The price included a discount, which of course is a matter of arithmetic and dating. The discount was 2 per cent. They got more time than just straight 30 days and still got the right to their discount. They bought waterleaf — 40-lb. basis at 8¢, and 30-lb. basis at 8.62 or 8.63. That price included the wrapping.

After the March 2, 1928 price went into effect they continued to give 2½% to packers. They did not continue to give the 5% to wholesalers. They made them a trade discount on the new prices, varying according to the amount of production, the tonnage they had been turning in, how valuable they were. In a very few cases they continued to make the trade discount of 5%. That number appears on the list that he has compiled of the invoices, Exhibit S-12. A letter dated January 25, 1928, from the Story Company to the Atlanta Paper Company was marked Exhibit S-17. Witness knew that Levin was sending out letters allowing 5% discount. The use of the term "discount of 5 per cent" did not have his personal sanction at that time. He doesn't think he used that term. Mr. Levin was the manager of the plant, and while his thoughts may have been the same as those of the witness, his expressions were not always the same. If he knew that Levin was sending out lists allowing 5 per cent discount he must have sanctioned his doing so. Easter wrappers don't appear on anybody's price list. They change each year, and the price of them changes with the amount of printing and the amount of design and what they cost. He must have been aware about February 17, 1928 that Story was telling the members of the Institute that they could have a trade discount of 2½% if he read Exhibit S-18. At the time of their March 2nd reduction

they announced the fact by telegram to some important customers or possible customers. Exhibit S-19 is a copy of such a telegram. He couldn't say that at the time this telegram was sent by his company that he thought that competition in the parchment trade was surely needed. He did say so. He didn't say that he started with the idea that competition in the parchment industry was needed, but that it would be advantageous to some. Among others he thought it would be advantageous to Story. It looked like an opportunity for them in the parchment field. If they entered there would be competition and they thought that competition would be advantageous for them. Competition would probably be advantageous for the purchasers of parchment. It did not occur to him that it would be better for the purchasers of parchment because competition would enable them to get their parchment at lower prices. They did not calculate on that. If he had thought about that he would have thought that lower prices would be advantageous to the consumer. They found it necessary to give lower prices. They thought that would give them trade. He doesn't recall that he thought that as early as October 1927. In Exhibit P-426, a circular letter of the Story Parchment Company of March 2nd, 1928, there are two sentences in which there is some untruth. Those sentences are: "Our improved methods, the superior quality of our Parchment, and its immediate acceptance by the consumer, are entirely responsible for this latest price reduction. We have believed, always, that competition would accomplish seeming miracles in the Parchment World."

When he entered the business it was apparent that he could not expect to fill their mill without taking away from the existing customers of the existing parchment manufacturers — a small part of it. He expected that the established mills would have a certain advantage in the trade. He personally never in the course of Story's operations approached any person who had not theretofore either handled or used or sold parchment manufactured by one of the three existing manufacturers. As far as his personal proceedings went, he approached those who were past or present trade of the three existing manufacturers. It was apparent to him that if he could give sufficient discounts it would improve their prospect of getting that trade. That was but a small one of the many advantages they thought. They have introduced competition into the industry and the figures indicate that. They had introduced competition into the in-

dustry in the matter of discounts. The statement in their circular, "Our improved methods, the superior quality of our Parchment, and its immediate acceptance by the consumer, are entirely responsible for this latest price reduction," is not entirely true. There was some truth in it. The fact that the other concerns recognized Story's methods and recognized Story's quality and recognized Story's efforts, was in some way responsible for their reducing the price. By the words "this latest price reduction" he did not mean the price reduction which Story had made, he meant the other fellows' price reduction that they understood had been made. No bulletin of any price reduction of one cent had been handed to him; he had not seen any. He felt that competition was needed in the vegetable parchment industry and still does, and he says that they have given the right kind of competition, that is, they expected to give a good product at a fair price, and that is what they did do. He could not say, in the light of present circumstances, that the prices charged their customers were fair. They thought the November price was fair, that the price quoted to Osman in November was fair, that the price quoted to Hollis & Duncan was fair, that the 5% trade discount from the wholesale list price to paper merchants was fair. They did not think that a 5% trade discount to paper merchants from the January price list was fair. They had no idea that prices were going to be reduced. When he quoted in January, 1928, to paper wholesalers — paper jobbers — the 5% trade discount off the wholesale list price, he did not consider that he was quoting a fair price. He wouldn't put it that he thought that they were themselves quoting a price under the fair price. They hadn't fixed the January price. He thought it was too low naturally. He did not think they were cutting the price lower than it ought to be cut. They never thought they were cutting the price at all. He did not think, when he offered wholesale paper jobbers the wholesale list price less 5%, that they were cutting the price below a fair price. He did not think at the end of January or early February, when he offered the Land O' Lakes the wholesale list price for jobbers less 5% trade discount, that they were cutting the price below a fair price. He did not think, when he offered the consuming meat packers or other packers who were members of the Institute, a trade discount of 2½% on the January price list which they had got out, however small might be their purchase in each instance, that they were cutting a price to those consumers below a fair price.

It was agreed by counsel for the defendant that orders P-104, 108, 109, 129 and 156 and Exhibit S-11 were for seconds and that no argument as to reduction of price could properly be based upon them.

ON REDIRECT EXAMINATION this witness testified in substance as follows:—It was the custom in the Trade when prices were reduced, to apply the new prices to shipments made thereafter even on orders accepted before. After the 1st or 2nd of March they issued no new price list immediately so that a number of their jobbers' agents had nothing upon which to calculate their prices. They figured at that time that they could cut down jobbers' commission on account of this low price in effect in March by giving them 10 per cent off the January list instead of 5 per cent off the March list, which would have saved nearly 1½ per cent to them. Their commission to the jobber dealers was 3½ per cent in March based on 10 per cent on the January price list. This was better for Story, and so they cut down their commission to the great majority of the jobbers to that extent. You may find one or two discounts of 7 per cent in Exhibit S-12 and that really meant that was 7 per cent off the January price and that that particular jobber wasn't getting any selling commission or discount, whichever it might be decided that it was. His proposition to Kirscheimer was to sell him at list price less 5%. Kirscheimer said he could use carloads of parchment. Nothing was said about the 5% off the list price being on carload lots. This was November 8, 1927.

When they were operating, they had many people experienced in parchment making. He understood that the question asked him by counsel for the defendant about people connected with the enterprise who had had experience in the manufacture of parchment referred to the time when they were organizing, not when they were in operation. They had several foremen who were practical men, who had had experience in making parchment, and experienced employees under them — two foremen. Machine tenders were not experienced. Fred Knerr had been foreman of a crew. Pat Ivory had had many years experience. Art Jameson had been many years in the parchment business. There were one or two others if he remembers right.

By his statement in the circular of March 2nd, Exhibit 426, he wanted the trade to understand that their methods and the superior quality of their parchment did have something to do with this reduction, but not that they were responsible for

the reduction, that they were expecting it, that it was forced upon them by people who were doing it against their own will or wishes. He had heard of a price reduction of either one cent or something amounting to practically one cent on the evening of February 29th from Mr. Tommy Koch. This was a reduction by the Kalamazoo Company. He thought that the prices prevailing when he entered into business were fair and reasonable prices for the product. There was no written contract by which they got their waterleaf. There was an oral agreement. The price was based on a percentage above costs. That was the basic cost of their paper. The cost of conversion means the cost of making waterleaf into parchment. Those are the conversion costs. The costs are for the materials consumed; the other things are sulphuric acid, the bleach for sulphuric acid, and the labor. There are other expenses; supervision charges, a part of overhead, power, electricity and coal, water which is used for washing out the acid, machine-repairs, parts, replacements, and the share of the overhead that can be applied to the conversion process; that is, the share of the general overhead, including the watchman, insurance, but not officers' salaries, as they carried them, they were a separate item. They have actually computed the cost for the month of March in the computation that he has before him. The other costs beside those of conversion were finishing costs, selling expense, and the administrative expenses. He has those costs computed from their books. In March 1928 they produced 275,055 pounds of parchment from waterleaf. He knows the cost of the waterleaf that was consumed in that month. It was $24,373.63. The cost of the acid was $2,358.44. If production were doubled the cost of waterleaf would be doubled. In labor there would be a tremendous saving in percentage as production increased. There would be a slight saving in acid and chemicals as you increase production. It would be a fair amount, about ten per cent, if the production was doubled. Water would show a saving likewise. If the machine is running constantly you naturally would save. If production were doubled he would estimate the saving at about ten per cent. There might be a slight difference in repairs and maintenance, but it could not be increased a great deal, that is, doubling production might increase the amount of repairs and maintenance, but there would be a saving in percentage, that is, that would not be doubled. The costs of conversion in dollars for the month of March were $26,823.11. The items for that year

for waterleaf were $24,373.63; acid, $2,358.44; bleach, $91.04; direct labor, $1,313.63. Manufacturing expenses; supervision, $350.; power, (coal and electricity) $1,034.45; water, $180.; machinery repair parts, $47.09; repairs and maintenance, $260.41; general works, which is a part of the wages of the watchman, insurance, etc., $643.41. All the items that he has mentioned total $30,652.10. The department that the paper goes to after leaving the conversion department is called the finishing department. The finishing department consumed materials amounting to $1,040.86. Materials were wrapping and shipping supplies and finishing. That means the paper, the bands, the cases, the crates, whatever they used to ship them in, supplies, cartons for small rolls. The direct labor in the finishing department in March was $1,685.09. They had a manufacturing expense, divided as follows: supervision, $245; box shop expense (that is labor), $115.08; power, $297.83; repairs and maintenance, $213.21; general works, $211.59. These three items, material, direct labor and manufacturing expense, combined, amounted to $3,808.66. Those are the finishing costs.

The next item of cost is selling expense, which includes all the cost of selling goods and advertising goods, postage and other things that can be directly attributed to selling. The selling expense was $2,630.85. Then there is the administrative expense, which is $1,220.79. In administrative expense was the general manager's salary and the office force. In March, they had about three hundred customers, counting Armour and such, as one, regardless of the number of branches. In January, 1928, they had an established line of bank credit of $75,000 at Griswold First State bank in Detroit. That was the only bank at which they had a line of established credit.

ON RECROSS EXAMINATION this witness testified in substance as follows:—They still owe the bank $70,000. So long as they didn't pay that the bank was not willing to give any more credit.

(*End of Goldmann's testimony*)

ALVAH TOWNSEND STORY on direct examination for the plaintiff, testified in substance as follows:—He has been for twenty years superintendent of a shooting club grounds and before that, in the confectionery and wholesale ice cream business. Trenton has a population of about 3,500. He has lived there going on three years. He lived in Rockwood and vicinity — within three miles of it — all his life; about seven miles from Trenton. He has been familiar with real estate values in and about Trenton to some extent — kept track of selling and reselling. He was familiar with the property acquired by Story. Levin brought the enterprise to his attention. At Lansing, Michigan, he went over the matter with him. He became a stockholder when it was organized, and director, and had to do with the locating in Trenton. He found the plant. He had to do with arrangements with the Town in connection with the location of the plant there and furnishing water. The Town installed a pressure pump and filtration plant and a 10-inch water main to their factory and a 21-inch disposal sewer from the plant free of expense to the company. He got a price of 2¢ a thousand gallons for water — much cheaper than nearby towns have to pay. They called it a franchise from the village — for ten years, he should think. He negotiated for the purchase of the property. He was familiar with the real estate values in that vicinity. He passed upon the price that was paid.

(*End of Story's testimony.*)

WILLIAM A. STEARNS on direct examination for the plaintiff testified in substance as follows: — He has lived in Detroit for fifty-eight years. He is a salesman of paper boxes and corrugated paper and shipping cases, since 1889, for Sefton Corporation which had a factory at Anderson, Indiana, and Brooklyn, New York, and at Chicago. He traveled out of the Chicago factory. He left the business about four years ago. Lew Frank introduced him to Levin. He has known Frank for 20 years. Frank was in the paper business, He became a director too. The witness invested in the Story Company and became a director. After Story got going, he agreed to find some customers without expense except traveling expense. He did. He was well known in the paper trade. He took a trip through the country. The first trip he made was to Pittsburgh, from Pittsburgh to Buffalo, to Rochester, to Syracuse, to Albany, to Baltimore, to Washington, to Wheeling, West Virginia, back to Pittsburgh and Detroit. Then he made another trip from Detroit to Nashville, over to Chattanooga, over to Atlanta, Georgia, Savannah, Jacksonville, Miami, New Orleans, Houston, Texas, Dallas, Texas, Memphis, Tennessee, and Detroit. Then he made another one from Detroit to Buffalo to Rochester and Syracuse, through to Boston, down to Providence and up to Portland, Maine, and back home. He reached Boston the first week in December. He knew paper dealers and wholesalers in all these places. He got customers in every one. He got trial orders. In Boston he sold Stone & Forsythe, Fort Hill Paper Company, Stimpson & Company, Andrews Paper Company, D. F. Munroe & Company, and two others. He got sixty customers on this trip. Before he started on his trips he had engaged in a discussion with some of the officials with regard to the policy to be pursued in disposing of their product. He called only on wholesale paper jobbers. He gave them a selling commission of 5%. He went to the paper jobbers, men who buy paper to sell again, and sold them at wholesale less 5 per cent as a selling commission. He started on his first trip about the first week in November, 1927, and went to Pittsburgh about the sixteenth of January, 1928. The first trip was about ten days. The second was about the first week in December, and the third was January 16th. He saw the machine when it first went into operation and got samples from the first run. He saw them make the first roll of paper and on his first

trip had some of that same paper. All the orders he took were at the price list with 5% off. He finished the last trip about February, 1928.

ON CROSS-EXAMINATION this witness testified in substance as follows: — Every sale was at the wholesale list price less 5% selling commission. It is quite likely that when the purchaser paid, he sent his check for 15.2¢ for 40-lb. substance listed at 16¢ a pound. When it came to January, he sold at 15¢ for 40-lb. less a 5% selling commission, so that the purchaser, when he sent his check for 40-lb., sent it for 14¼¢.

(*End of Stearns' testimony*)

EZRA LEVIN on direct examination for the plaintiff testified in substance as follows: — He originated the Story enterprise. He went through school and Michigan State College, specialized in the study of moulds and bacteria affecting food products. He went to the University of Michigan a little more than a year, on a scholarship, studying along the same lines. He received a Master's degree. Then he taught high school for two years — biology. Michigan State College invited him to join the Faculty as Associate Professor in the Soils Department and Plant Pathology. He was there approximately three years. Then the Governor of Michigan asked him to join the newly-formed State Department of Agriculture in charge of the Bureau of Plant Industry that had to do with the regulation of food products. He was there a year. Then Kindleberger wanted him to go to California to study the packaging of fruit and the utilization of vegetable parchment and wax paper for various uses, particularly in California. He was there nine months. He then came back, to Kindleberger, who formed a research department dealing with the packaging of foodstuffs and the utilization of paper as referred to foodstuffs and particularly parchment. Witness occupied that position about three years. He finished with Kalamazoo more than a year before he started Story. In those three years he found various characteristics of paper which would lend themselves to special uses if properly improved, so he set about to improve the type of paper which was generalized as parchment, to make it a paper for special uses. That was also true with respect to wax paper. This required him to study the manufacture. Two of the most profitable items of Kalamazoo's paper, witness developed while there. Vegetable Parchment is made by passing waterleaf through sulphuric acid. If the acid varies in strength, the paper is different. It may not be grease-proof, or it may be grease-proof. It may be strong, it may be weak. It has various different characteristics based on the time that the waterleaf is allowed to be immersed in this acid so that it was necessary to be present at the machine when these special papers were made in order to get that particular characteristic that we were interested in.

At the various times that these papers were made, these special papers and special runs, also in studies which had to do with the kinds of paper they were sending out, he was present and instructed the foreman exactly how to handle the acid and the paper as it passed through. In other words, in that sense he was technical adviser. That was so as to get the right reaction

and the right development. They had cases where they had a grease-proofness that required expert parchmentization. They had cases where they wanted strength and waterproofness, that required a little less parchmentization, because they wanted strength and didn't care anything about the grease-proofness of the paper.

He became familiar there with what they called the "furnish." The furnish of the Kalamazoo varied at times with different customers. In becoming familiar with the furnish, there again it had to do with the study of the particular use for which the paper was intended. For illustration, they had greeting card parchment. It was a special paper and had a considerable amount of rag in it. That, of course, was the only paper that had any considerable amount of rag in it. Most of the paper had a very small amount of rag in it. The ordinary paper was made of a small amount of rag, a minute amount, from 5 to 10 per cent, and about 40 per cent, 30 to 40 per cent of Alpha fiber, sulphite. The remainder was made of different things and again it varied. Most of it was, however, good sulphite, ordinary sulphite, what is called not specially treated sulphite.

After leaving Kalamazoo he made a study of printing. Printing was done in Kalamazoo but he had some special ideas that he wanted to work on in connection with printing. He did special research work in connection with printing at Baltimore. He was particularly interested in what they call the photo-lithographic process of printing, which he thought might be adapted to parchment, which had not been used and has not been used since. He was with the Lord Baltimore Press, the business of which is entirely printing. He was there about three-quarters of a year. He came back to Kalamazoo, and did some special research work on the idea of going into the parchment business. He came in contact with those whom he interested as organizers of Story. He carried on the negotiations that had to do with the technical phases of the quality of the waterleaf. He negotiated with other concerns than the Bryant. He supervised the building and putting up of the machinery. He had nothing to do with the financial arrangements. He superintended the putting up of the machinery. He selected the machines that they wanted. The parchmentizing machine was designed by Eggert and himself and the Black, Clawson Company. The trial run of parchment he thinks was in the latter part of November. Bryant Paper Company produced the waterleaf. Different types of

furnish were used to see how they would work out. Five were used to produce different types of parchment. One contained little more rag than the others. The idea was to show that the rag was not necessary. They made some with 15 or 20 per cent. of rag. The fifth did not have any rag. He determined that the furnish suitable for their regular use involved about 5% rag and 45% of Alpha cellulose. That furnish was very similar to that used at Kalamazoo. There was very little difference in the amount of rag. He went to the Bryant Company for three consecutive times, when they made runs, — he was down there practically day and night, — he had a cot right in there, and stayed there, and got up at different times to see how the stock was being made. After that he was in constant communication with the Bryant Company. He could determine the furnish on the waterleaf as it was delivered by very simple methods of testing. Then in parchmentizing he confirmed the quality of the acid, the color of it, the condition of the cellulose as it formed, the proper formation. They made paper on their machine — the very first roll that was put on made parchment. The product was excellent. 25-lb. paper, which hitherto was unknown to be greaseproof, was made on that machine. The machine ran with only those troubles which are incidental to the development of a machine of that size, — adjustment of rolls, adjustment of synchronization. A paper machine is made up of different units, — the wet end, the dry end, the calenders, and these various parts are synchronized so that when the paper passes through the machine, whatever contraction takes place in the paper, whatever expansion takes place, is taken up and must be adjusted; that is the common experience in the development of a paper machine. There were no difficulties with the machine other than those incident to tuning up and testing. They ran the machine continuously, for several months at least. The description of the machine in Exhibit K-191-B is very accurate. They had a plan at the mills similar to the one that Moyer sent Kindleberger. They did not give out any plan or description or authorize any to be given out. There was no machine of this size at Kalamazoo. They had the machine up to a speed of 360 feet; the product turned out at high speed was excellent. The machine was 120 inches wide that made paper 110 inches wide. The highest speed of any machine which he had seen before this machine was 125 feet per minute. The widest roll that he had seen before on any machine was 92 inches, that is, it would produce paper

92 inches wide. This machine made it possible to run paper with the same number of men in a larger quantity. Secondly, the effect was a uniformity in the product. That reduced the cost of production. Before he started in he had observed the product of the Paterson Company and the West Carrollton as well as the Kalamazoo. The greatest width of roll that he had seen of either the Paterson or the West Carrollton was 48 inches.

The company's sales policy was to sell to jobbers rather than employing a salesman on salary or commission. They adopted a scale of prices. They had the price lists of Kalamazoo and West Carrollton. They made theirs identical. He had a conversation with Peck, Secretary of the Kalamazoo Company, and asked him to deliver a message to Kindleberger, in December, 1927, on the train going from Chicago to Kalamazoo. He told Peck that the sales policy of Story was not to break prices, that it was their intention to find new uses, that they had every intention of keeping the prices adequate for profit, that they had no desire for any fight. He made clear the policy that it made no difference what name we called it, whether it was sales commission or percentage, it was his understanding that this percentage or commission took the place of salesmen, and that was the policy upon which they started, and that Peck was to tell Kindleberger not to be confused by that situation if he saw it in the market.

In the preparation of waterleaf, no old ledger pages were used. You could not make waterleaf of old ledger paper.

ON CROSS-EXAMINATION this witness testified in substance as follows: — This conversation with Peck was before the employment of Koch. He told Peck not to be confused by these discounts, that their policy was going to be to make discounts to the wholesale dealers. He did not mention the percentage. He told Peck that their policy was going to be to take the wholesale list price which was to be theirs, and that of all the manufacturers, and that they were then going to sell to the wholesalers at a discount from that list. The original machine plan was at the office in Trenton. One blue print was taken to the Black, Clawson Co.

(*End of Levin's testimony*)

A list of all sales by Story to customers upon which deliveries were made after Jan. 2, 1928 through August, 1928, specifying as to each sale the date of the customer's order, Story's order number, the invoice date, a description of the goods sold, the quantity, the price per pound or per given quantity, the discount, and the amount of the invoice after deducting the discount, was introduced in evidence and marked Exhibit S-11.

A list of Story's invoices from Jan. 1, 1928 on, was introduced in evidence and marked Exhibit S-12.

These exhibits are not printed but may be inspected by the Circuit Court of Appeals as a part of this bill of exceptions and shall be transmitted thereto for that purpose.

It was agreed that the statement of plaintiff's counsel should be taken to be evidence of the facts as follows: — On account of its inability to pay its indebtedness, suit was brought against the Story Company by Bryant Paper Company, which obtained judgment against it on September 15, 1928 for $65,379.67 and costs which remains wholly unsatisfied; and Story was sued by Griswold First State Bank in two suits in one of which said Bank obtained judgment on September 15, 1928 for $45,365.27 and costs, and in the other suit the Bank obtained judgment on October 20, 1928 for $25,279.17 and costs; and on October 29, 1928 the deputy sheriff by virtue of two writs of *fieri facias* duly issued, levied on the real estate of Story and on December 31st he seized, on execution, its real estate, machinery, machine foundations, laboratory equipment and stock inventory, and that Story has thus been deprived of the possession of its property.

The substance of all the material evidence and exhibits in the case is contained in the foregoing, together with the exhibits not printed but to be transmitted to the Circuit Court of Appeals as part of the bill of exceptions, to wit: Exhibits numbered P-3 to P-8 inclusive, P-10, P-10A, P-11, P-11A, P-13, P-14, P-14A, P-15, P-23A, P-31 to 50, P-61 and A to D inclusive, P-72, P-424, K-188B, K-329 to K-357 inclusive, W-106 to W-108, W-159, S-1, S-3, S-7, S-8, S-11, S-12, S-14, S-16.

Plaintiff rested *Defendants rested.*

Thereupon the defendant filed and presented a motion as follows:—

DEFENDANTS' MOTION FOR A VERDICT FOR THE DEFENDANTS

The defendants request to go to the jury on issues of fact if the Court is of opinion that the jury should not be instructed to return a verdict for the defendants. The defendants reserving this right, request the Court to instruct the jury to return a verdict for the defendants and assign as reasons for this motion that: —

1. On all the evidence the plaintiff is not entitled to a verdict.

2. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company restrained competition by a combination between themselves by which they agreed together, from time to time, upon the prices at which vegetable parchment should be sold and by which they agreed not to change the prices so fixed except by concerted action (Decl., Par. 6).

3. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company had a monopoly (Decl., Par. 7).

4. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company combined or conspired to restore a monopoly and to destroy the business which plaintiff had established and to exclude it altogether from that business (Decl., Par. 8).

5. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company in order to destroy the business of the plaintiff and to exclude it from the business of selling vegetable parchment, agreed, acting in concert, to reduce prices below a price which would yield a return to them or to the plaintiff selling at that price (Decl., Par. 8).

6. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company agreed to weaken and injure the plaintiff's business by disseminating among its customers or prospective customers false and disparaging information as to the quality of its product (Decl., Par. 8).

7. The evidence is insufficient to establish that, in accordance with such a plan, combination or conspiracy, the defendants and West Carrollton Parchment Company acted in concert in reducing their prices on or about January 2, 1928 (Decl., Par. 9).

8. The evidence is insufficient to establish that, in accordance with such a plan, combination or conspiracy, the defendants

and West Carrollton Parchment Company acted in concert in reducing their prices on or about March 9, 1928 (Decl., Par. 9).

9. The evidence is insufficient to establish that the prices so fixed did not permit a return to the defendants of the reasonable expense of production and sale and profit (Decl., Par. 9).

10. The evidence is insufficient to establish that the defendants and West Carrollton Parchment Company as co-conspirators in accordance with an adopted plan, had caused false statements to be made by their agents to customers and prospective customers of the plaintiff that the plaintiff's product was inferior in quality, or that the ink with which it was printed was poisonous and would spoil the food products with which it was wrapped, and that the plaintiff was without adequate resources to continue to do business (Decl., Par. 9).

11. The evidence is insufficient to establish that the plaintiff has suffered damage by reason of the acts of the defendants and West Carrollton Parchment Company in pursuance of the combination and conspiracy (Decl., Par. 10).

12. The evidence is insufficient to establish that the plaintiff has lost profits because of any acts of the defendants and West Carrollton Parchment Company in combination and conspiracy (Decl., Par. 10).

13. A combination or conspiracy to reduce prices is not of itself in restraint of trade.

14. The reduction of prices is not in itself in restraint of trade.

15. The plaintiff is not entitled to a verdict unless a contract, combination or conspiracy directed against the plaintiff, is established.

16. The evidence is insufficient to establish such a contract, combination or conspiracy.

17. The evidence is insufficient to establish that the reduction of prices was for any purpose except to keep the customers of the defendants and the West Carrollton Parchment Company or to get customers for the products of them severally.

18. The evidence is insufficient to establish that the prices fixed by the defendants were less than those already quoted by the plaintiff.

19. The plaintiff is not entitled to a verdict unless it has established that it has been damaged by the combination, contract or conspiracy.

20. The plaintiff has not established that the reductions in prices by the defendants were any more injurious to the plaintiff by reason of any contract, combination or conspiracy than they would have been without such.

21. The evidence does not warrant a finding that the plaintiff would have sold any more goods under other circumstances than it did sell.

22. The evidence does not warrant a finding that the plaintiff would have sold at higher prices under any other circumstances than those at which it did sell.

23. The plaintiff is not entitled to a verdict unless it has been shown that damages in some amounts susceptible of expression in figures, resulted from the defendants' acts, and these damages must be proved by facts from which their existence is logically and legally inferable and they cannot be supplied by conjecture.

24. The plaintiff is not entitled to recover merely because of the preexistent power which the defendants had when the plaintiff was established.

25. The plaintiff has the burden of proof of the existence of the alleged combination, contract or conspiracy.

26. The contract, combination or conspiracy alleged, if denied by the defendants, cannot be established by inference from the facts in evidence unless those facts are inconsistent with the non-existence of the contract, combination or conspiracy and so preponderantly indicate its existence.

27. The discussion of prices between competitors is not in and of itself a restraint of trade.

28. The notification by one competitor to others of an intention to reduce prices, is not in and of itself a restraint of trade.

29. The concurrent reduction of prices by competitors because of notice from another competitor of an intention to make such reduction is not in and of itself a restraint of trade.

30. A concerted reduction of prices, if there had been any such, merely to meet the prices quoted by the plaintiff, would not be in and of itself a restraint of trade.

31. The reduction of prices by one competitor at the same time as by another, or immediately following such reduction by another, is a normal feature of trade.

By their Attorney,

EDWARD F. McCLENNEN.

The Court denied this motion. The defendants duly excepted. The exception was allowed.

The defendants requested the Court to give the Jury the instructions following, namely: —

1. On all the evidence the plaintiff is not entitled to a verdict.

20. The plaintiff cannot recover unless it is shown that as a result of defendants' acts, damages in some amounts susceptible of expression in figures resulted, and these damages must be proved by facts from which their existence is logically and legally inferable and they cannot be supplied by conjecture.

Keogh v. *Chicago & Northwestern Railway Co.*, 260 U. S. 156, 165.
American Sea Green Slate Co. v. *O'Halloran*, (C. C. A. 2d) 229 Fed. 77, 79.

21. It is not enough to show a monopoly or restraint of trade by the defendants and that the plaintiff did not succeed in business, but it must appear also that the defendants' conduct was the cause of an ascertainable amount of damage to the plaintiff.

Jack v. *Armour & Co.*, 291 Fed. 741, 745 (C. C. A. 8th) semble.
Noyes v. *Parsons*, 245 Fed. 689 (C. C. A. 9th).

22. It is not enough to show that but for the defendants' acts the plaintiff might have sold more goods and at a profit.

American Sea Green Slate Co. v. *O'Halloran*, (C. C. A. 2d) 229 Fed. 77, 80.
Keogh v. *Chicago & Northwestern Railway Co.*, 260 U. S. 156, semble.

23. The fact that one manufacturer could make profits in a given line of business, is not evidence that another in the same line, with equal advantages, would do so.

Keystone Manufacturing Co. v. *Adams*, 151 U. S. 139.

24. What profits or what lesser losses the plaintiff would have made in a business begun in 1927 if conditions had been different from what they were, is too speculative to warrant a recovery of them.

American Sea Green Slate Co. v. *O'Halloran*, (C. C. A. 2d) 229 Fed. 77, 80.
Sussex Land & Live Stock Co. v. *Midwest Refining Co.*, (D. C. Wyo.) 276 Fed. 932.
Chicago Life Insurance Co. v. *Tiernan*, (C. C. A. 8th) 263 Fed. 325.
McCornick v. *United States Mining Co.*, (C. C. A. 8th) 185 Fed. 748.
Central Coal and Coke Co. v. *Hartman*, (C. C. A. 8th) 111 Fed. 96.

31. There is no evidence that the defendants at any time were doing business at a loss.

The Court denied the first request. The defendants duly excepted. The exception was allowed.

CHARGE TO THE JURY

The entire charge to the Jury, so far as it relates to the subject of damages, was as follows: —

The plaintiff cannot recover here unless you are satisfied that the defendants have done something forbidden by the anti-trust laws, and that, as a result of that forbidden act, or acts, the plaintiff has been injured in its business or property. I think that on the evidence as it is before you it must be said, and you will be entirely warranted in saying, that the plaintiff had sustained a loss as a result of its unsuccessful attempt to break into the vegetable parchment industry.

Now we come to the all-important question, whether the defendants can be sued under this statute by the plaintiff to recover for that loss, or any part of it, and, in order to do so, it is going to be incumbent upon the plaintiff to establish at least three propositions; . . . .The second proposition which the plaintiff has got to establish is that the plaintiff's loss was directly attributable to this unlawful combination. And third, that, as a result of the defendants' unlawful acts, damages in some amount susceptible of expression in figures resulted.

It is incumbent upon the plaintiff to prove each and every one of these three propositions, and if it fails to satisfy you by a fair preponderance of the evidence that there was an unlawful combination, or that there was a loss directly attributable to it, and unless it enables you to find damages in an amount which may be expressed in dollars and cents, then the plaintiff cannot recover. . . .

The second proposition, or the second question in issue, is whether the acts of the defendants resulted in injury to the plaintiff. It is necessary, in a suit of this kind, for a party to go farther than the Government would have to go if it were proceeding under the antitrust law. The Government would prevail by showing only an unlawful combination; but an individual, when he seeks to invoke the statute in question, has to add one step more, — he has to satisfy the jury that the losses which the plaintiff sustained were the direct result of the unlawful acts of the defendants. I take it that the unlawful acts, if they are found to be unlawful at all, were the acts of reducing prices. Nothing else seems to have been done that could work an injury, or that could possibly work an injury to the plaintiff. So that you have to decide whether the plight in which the plaintiff company found itself at the time that it brought its suit was primarily and directly attributable to the price reduction. If you find that it was attributable to want of capital, to lack of experience, to inefficiency, or to the adoption of an unwise policy, and especially if you find that it adopted a policy of underselling old-established companies, why, then the defendants cannot be held responsible for that loss, because the loss cannot be attributed to the unlawful acts of the defendants.

There is evidence here, of course, as to the situation in which the parchment paper industry was at the time when the plaintiff organized its corporation and undertook to enter into the trade. In a somewhat similar case to this, the Court had occasion to charge a jury, and its charge has been held, I think, by the highest court in the land to have been proper, and I am going to paraphrase one paragraph of it, because I think that it is applicable to our situation.

The plaintiff as a corporation and as a competitor in the parchment paper business is due to the efforts of Ezra Levin, a witness in the suit. He organized it shortly after he separated himself from his employment with one of the defendants, with

which he had been identified for two or three years. The plaintiff does not occupy the same position as a competitor in existence during the period that this influence was being developed, or who may have been, during the course of such development, as well as after it had reached the height of its power, injured in its business or property, by reason thereof, but is here as one entering the competitive field when such growth and influence had been established. Of course it had a right to do it, and, as I said before, it had a right to insist that the established companies should not put up the bars and, by unlawfully restraining competition, prevent its coming in, which I think might be said in this case to be unlawfully reducing prices below the level at which the plaintiff was selling.

This second proposition must be established by a fair preponderance of the evidence, and you are to determine it upon the evidence before you. I am not going to spend any more time on that, other than to say that if you find that the injury which the plaintiff sustained, whatever injury you find the plaintiff did sustain, was due to the unlawful restraint of trade, then you have to pass on to the third question. What were the damages? but if, on the other hand, you find that the losses or injuries were not due to the unlawful acts of the defendants, then your verdict can be entered for the defendants, and you will not be required to ascertain the damages in the case.

Now we come to the question of damages. The law imposes a duty upon the plaintiff not only to prove that the loss has been sustained, but the amount of that loss, and it must prove it so that it will be susceptible of expression in figures. The plaintiff does not have to prove the amount to a mathematical certainty. It has carried its burden if it lays before you the facts which furnish a reasonable basis from which you can arrive at some approximate estimation of the damages. Speculative damages are not to be allowed; and in this case nothing should be allowed for profits on the sales which might have been made if there had been no unlawful interference with the plaintiff's business, because we have here no history of the operations of the company, no facts upon which you could base an estimate of what these profits might have been. Such profits are purely speculative and are not proper elements of damage.

As to the profits on sales actually made, which Mr. Whipple has pointed out to you appear to have been around $20,000, assuming that it could have sold at the prices prevailing when

the plaintiff entered the trade, namely, a basic price of 16 cents a pound for a 40-lb. paper, if you are satisfied that this price would have been maintained, would not have changed by reason of any economic condition, if it would have been maintained except for the unlawful acts of the defendants, if you find they did commit unlawful acts, and you satisfy yourselves from the evidence before you that the plaintiff would have sold $229,000 — would have sold the same quantity of parchment — I will not give the figures — at the price of 16 cents, as a basic price of 16 cents a pound, during that period, or during *the* period, and that the plaintiff was compelled by the unlawful acts of the defendants to reduce its prices — if all of those conditions are found by you to have existed, then I think that you may consider as an element of damage the difference between the amount that the plaintiff actually received for the goods and what it would have received if the defendants had not indulged in the unlawful conspiracy to keep the plaintiff out of the field.

The statute says that the plaintiff may recover for injury to business or property. What have you before you which will enable you to determine to what extent the value of the plaintiff's property has been diminished by the unlawful acts of the defendants? Well, we have the cost of the plant. The plant is still there. The only evidence as to its present value is that of Mr. Goldmann, who is not an expert and who was an interested witness. We have no evidence from those who ought to know what the present value of that plant is, other than that of Mr. Goldmann. Now, I am not going to say to you that the difference between Mr. Goldmann's valuation and the cost is an accurate index of the loss or the extent to which the value of the property has been diminished, but I am going to let you gentlemen decide whether it was diminished at all, and, if so, to what extent, if you are able to do it. If you are not able, on the evidence, to determine to what extent the value of the property was diminished, then the plaintiff has not sustained its full burden, because it is up to the plaintiff to satisfy you what the extent of that diminution was. If you think that Mr. Goldmann's testimony is to be relied upon in that respect — or I will not say that he gave any testimony that he did not himself believe in — but I mean to say, if you believe that that is to be taken as a good basis for your conclusion as to the extent of the diminution, why, the difference between the cost and the present value would be $160,000. Of these two elements, the loss of profits on the goods sold, if you

find that all the conditions existed that I have enumerated, and that the plaintiff can recover, *that* loss would be $20,000, and whatever you may find, if anything, will fairly and reasonably represent the extent to which the value of the property is diminished. I think that it must be so that there has been a diminution; I think that it must be said that the property has diminished. It is worth less with the company out of business than it would be with the company in business. If upon the evidence you are able to say how much, that, of course, would be an element of damage. It is quite likely that the business, even though it had gone only six months or more, might have a potential value, but I have to say to you that there is no evidence here which affords a basis upon which you can determine what that potential value is. For that reason I think that the only thing that you can consider in estimating the damages to be awarded the plaintiff in this suit is the loss in profits on the goods actually sold, and the loss sustained in the damage to its property.

You will return simply single damages. You do not need to concern yourselves at all with the multiplication table. The Court will do the multiplying.

* * * * * * * * * * * * * * * *

On the probative effect of the evidence the Court said:— There are some comments that I may properly make upon this evidence which I think you may find helpful in weighing it for the purpose of determining whether it furnishes an adequate basis for the inference of fact which it would be necessary for you to draw. First, about the inter-office correspondence. I have no doubt that you still have in mind my remarks when I ruled upon the admissibility of the letters. They are admissible in this case because they convey information both to the defendants and to the — some of the — I think that perhaps I am wrong about that; I think that the inter-office correspondence would only tend to convey information to the defendants, and that becomes important because it enables you to know what information the defendants had before them when they acted, because, as I will point out a little later, the motives of the defendants in their conduct become a very important factor in this case. The letters are not evidence of the facts which the writer may undertake to convey. We are only interested in the fact that the information was conveyed, not with the truth or falsity of the information. To illustrate, if Mr. Greenlee wrote to Mr.

Kindleberger that he had learned from Mr. Gramer, we will say, the Swift buyer, that Story was going to announce a new price on a certain day, the letter would be important as showing that information came to Mr. Kindleberger's attention that the Story Company was going to reduce price; but it would not be a particle of evidence that the Story Company was to reduce price. I think that that illustrates the distinction which I am trying to draw between the evidence that is admissible and the evidence that is inadmissible. Or perhaps, better stated, it shows the limitation which you must give to or place upon the effect of this inter-office correspondence; * * * * *."

At the conclusion of the charge, the following took place in the presence of the jury: —

"Mr WHIPPLE. I think, if your Honor please, that in one part of your Honor's charge you omitted something that I think possibly your Honor intended to say. In speaking of the effect of the inter-office correspondence as not being evidence of the truth of the statements, your Honor did not say anything about any such parts of it as might contain admission of things done or things intended — admissions by responsible officers of the corporation. I think that there were some statements which, as I remember it, your Honor thought at one time could be regarded as admissions, and I merely wanted —

The COURT. That is where they were written by the defendants?

Mr. WHIPPLE. Yes, your Honor.

The COURT. Rather than by the agents?

Mr. WHIPPLE. Yes, your Honor, the officers, the responsible officers. Those it seemed to me your Honor had intended to distinguish from something that salesmen wrote in as a rumor, or something of that sort. I merely wanted to call that to your Honor's attention.

The COURT. Yes, I think that I made clear to the jury that they should disregard as evidence here what some agent said that somebody else told him. Of course if you show that a letter was written which would reflect the state of mind of the writer, it could be used as evidence for that purpose, and it would show the conduct of the parties so far as it contained admissions.

Mr. WHIPPLE. Yes, your Honor; that is all that I had in mind. Your Honor, in another part of your charge, referred to those statements as rumors, and I thought that it was purely an inadvertence.

Mr. McCLENNEN. Mr. Whipple, before you go to the next, may I take up this one that you have just spoken of, because it would be easier to keep in mind?

Mr. WHIPPLE. Yes, certainly.

Mr. McCLENNEN. Of course your Honor would instruct that nothing written by Kindleberger, for instance, of the Kalamazoo Company, would be any admission against Paterson, or *vice versa*?

The COURT. Wouldn't it be if there was a conspiracy shown? The acts in furtherance of a conspiracy would be admissible.

Mr. WHIPPLE. Yes.

Mr. McCLENNEN. It would be if there was a conspiracy shown, but not until —

The COURT. I will say that to the jury. If you find that there was no conspiracy, an admission by one of the defendants would not be admissible against another defendant; but if a conspiracy was once shown, and this letter was written in furtherance or pursuance of that conspiracy, all of them would be bound by it.

* * * * * * * * * * * * * * *

Mr. McCLENNEN. . . . . in the course of your Honor's charge, on the matter of damages you permitted the jury to consider the possibility that the goods sold might have been sold at the higher price, if they reached the conclusion that in fact such would have been the case. That leaves to them an element of speculation which I contended before your Honor was not admissible, and I think that I have sufficiently indicated the point; and may I save an exception to that part?

The COURT. That reminds me that there was one thing that I forgot to tell the jury, that they must also find that that price of 16 cents was a reasonable price. I think that there is evidence to that effect.

Mr. McCLENNEN. Then the other point, you permitted the jury to find that if they could tell what was the value of the plant when active, and as it is when not active, that that difference would be a possible further element of damages. I think that your Honor probably intended also to say in that connection that that would be so only in case not only had they found that there was the combination, but also had found that, even if there was not the combination, the plaintiffs would have been able to go on in business, so that they would have had an active business;

and, even with that limitation, that is an element of damages which I desire to object to their being permitted to consider; and may I save an exception at that point?

The COURT. Yes.

The jury returned a verdict for the plaintiff and assess damages in the sum of $65,000, but if, as matter of law, the plaintiff is not entitled to a verdict, then the jury finds for the defendants and consents that this alternative verdict may be entered on order of the United States District Court for the District of Massachusetts or of the United States Circuit Court of Appeals for the First Circuit or of the Supreme Court of the United States, with the same effect as if returned by them.

The defendants seasonably filed and presented the following motion: —

MOTION TO SET ASIDE VERDICT FOR PLAINTIFF

In the above-entitled case, the defendants move that the verdict for the plaintiff be set aside and that the verdict alternatively returned for the defendants be entered or in the alternative, a new trial be granted for the following reasons: —

1. The verdict for the plaintiff is not justified by the evidence and is against the evidence and the weight of the evidence.

2. The motion filed by the defendants at the close of the evidence to direct a verdict for the defendants should have been granted for the reasons therein stated.

3. The amount of the verdict, in the light of the evidence and contentions in argument for the plaintiff shows that the jury could not have rendered it in conformity to the instructions of the Court.

4. The amount of the verdict is in excess of any amount which could be reached by reason from the evidence and must be due to mere speculation, conjecture or guess.

By their Attorney,

EDWARD F. McCLENNEN.

The Court denied this motion. The defendants excepted to the denial. The exception was allowed.

The plaintiff moved that the Court treble the amount of damages and make allowance for counsel fees for the plaintiff to be paid by the defendants.

On this motion the Court ordered: —

"The above motion to treble damages is allowed and I fix in addition to costs $27,500 as a reasonable attorney's fee."

The defendants duly excepted to this order. The exception was allowed.

WHEREFORE the defendants pray that this its bill of exceptions be allowed and made a part of the record in this case.

By their Attorney,

June, 1929. EDWARD F. McCLENNEN.

Approved: —

SHERMAN L. WHIPPLE,
Plf's Atty.

Allowed: —

ELISHA H. BREWSTER,
United States District Judge.

DEFENDANTS' PETITION FOR APPEAL

The defendants, alleging themselves to be aggrieved by the final judgment in the above-entitled case and by the proceedings on which the same is based, in the respects described in the Assignments of Errors which are filed herewith, hereby appeal to the Circuit Court of Appeals of the United States for the First Circuit from said final judgment and from said proceedings, and pray that this, their claim of appeal, may be allowed, and that the transcript of the record, proceedings, bill of exceptions and papers upon which the said judgment was based, duly authenticated, may be sent to said Circuit Court of Appeals.

THE PATERSON PARCHMENT PAPER COMPANY,
KALAMAZOO VEGETABLE PARCHMENT COMPANY,

By their Attorney,

EDWARD F. McCLENNEN.

This appeal is allowed.

ELISHA H. BREWSTER,
United States District Judge.

DEFENDANTS' ASSIGNMENTS OF ERRORS

In the above-entitled case the defendants assign as errors that the District Court erroneously : —

FIRST. Denied the defendant's motion to direct a verdict for defendants and defendants' first request for instructions to the jury, that on all the evidence the plaintiff is not entitled to a verdict;

SECOND. Denied defendants' motion to set aside the verdict for the plaintiff;

THIRD. Charged the jury that: — "As to the profits on sales actually made, which Mr. Whipple has pointed out to you appear to have been around $20,000, assuming that it could have sold at the prices prevailing when the plaintiff entered the trade, namely, a basic price of 16 cents a pound for a 40-lb. paper, if you are satisfied that this price would have been maintained, would not have changed by reason of any economic condition, if it would have been maintained except for the unlawful acts of the defendants, if you find that they did commit unlawful acts, and you satisfy yourselves from the evidence before you that the plaintiff would have sold $229,000 — would have sold the same quantity of parchment — I will not give the figures — at the price of 16 cents, as a basic price of 16 cents a pound, during that period, or during *the* period, and that the plaintiff was compelled by the unlawful acts of the defendants to reduce its prices — if all of those conditions are found by you to have existed, then I think that you may consider as an element of damage the difference between the amount that the plaintiff actually received for the goods and what it would have received if the defendants had not indulged in the unlawful conspiracy to keep the plaintiff out of the field."

FOURTH. Charged the jury as to plant value, that: — "I am going to let you gentlemen decide whether it was diminished at all, and, if so, to what extent, if you are able to do it . . . . if you believe that that [Mr. Goldmann's testimony] is to be taken as a good basis for your conclusion as to the extent of the diminution, why, the difference between the cost and the present value would be $160,000. Of these two elements, the loss of profits on the goods sold, if you find that all the conditions existed that I have enumerated, and that the plaintiff can recover, *that* loss would be $20,000, and whatever you may find, if anything, will fairly and reasonably represent the extent to which

the value of the property is diminished. I think that it must be so that there has been a diminution; I think that it must be said that the property has diminished. It is worth less with the company out of business than it would be with the company in business. If upon the evidence you are able to say how much, that, of course, would be an element of damage. . . I think that the only thing that you can consider in estimating the damages to be awarded the plaintiff in this suit is the loss in profits on the goods actually sold, and the loss sustained in the damage to its property."

FIFTH. Allowed the plaintiff's motion to treble the damages.

SIXTH. Admitted the following question to the witness Goldmann and the answer thereto, namely: — "Now I am going to ask you if you will state what was the fair market value of the entire plant equipped in the way that you have described, as of the first of June, 1928?".

SEVENTH. Admitted the question to the witness Goldmann and the answer thereto, as to a conversation with Koch in Chicago about the middle of February, 1928, offered by plaintiff's counsel as evidence that the defendant competitors had said something when they were there, namely: — "And was it at that time that you learned something with regard to the prospective cut in price of your competitors?"

EIGHTH. Admitted the question and the answer thereto, to the witness Goldmann, as to a conversation with Moyer on May 17, 1928, as follows, namely: — "Will you state what your conversation was?"

NINTH. Denied defendant's motion which should now be allowed by the Circuit Court of Appeals, to enter the verdict in accordance with its legal meaning for the defendants; and denied the defendants' motion for judgment for the defendants thereon, which should now be ordered by the Circuit Court of Appeals to be entered in the District Court.

By their Attorney,

EDWARD F. McCLENNEN.

DEFENDANTS' CITATION ON APPEAL

The President of the United States

To Story Parchment Company, GREETING:

You are hereby cited and admonished to be and appear in the Circuit Court of Appeals of the United States for the First Circuit in Boston, in the District of Massachusetts, on the thirtieth day from the date hereof, pursuant to an appeal duly obtained from the judgment of the District Court of the United States for the District of Massachusetts, wherein The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company are the appellants and you are the appellee, to show cause, if any there be, why said judgment entered against said appellants should not be corrected and why speedy justice should not be done to the parties in that behalf.

WITNESS the Honorable Elisha H. Brewster, Judge of the District Court of the United States for the District of Massachusetts, this fourteenth day of June in the year of our Lord one thousand nine hundred and twenty-nine.

ELISHA H. BREWSTER,
United States District Judge
For the District of Massachusetts.

Service of the above Citation upon the appellee in said action is hereby accepted.

SHERMAN L. WHIPPLE,
Attorney for Appellee.

PRAECIPE

The defendants, as appellants in the above-entitled cause, request that the following portions of the record be incorporated into the transcript on appeal to the Circuit Court of Appeals of the United States for the First Circuit, namely: —

1. The writ.
2. The declaration.
3. The answer.
4. The verdict.
5. The bill of exceptions.
6. The judgment.
7. The petition for appeal.
8. The assignments of errors.
9. Clerk's notation that appeal bond filed and approved.
10. Clerk's notation of due citation on appeal and appellee's acceptance of service.

EDWARD F. McCLENNEN,
Attorney for Defendants-Appellants.

Approved without addition.
SHERMAN L. WHIPPLE
Attorney for Plaintiff-Appellee.

STIPULATION TO RECORD

We hereby stipulate that the foregoing printed record is a true copy of the record in this case in the District Court, and that the same may be transmitted to the Circuit Court of Appeals without comparison or further certification by the Clerk and certification is hereby waived.

SHERMAN L. WHIPPLE,
EDWARD C. PARK,
Attorneys for Plaintiff.

EDWARD F. McCLENNEN,
Attorney for Defendants.

[Clerk's Certificate]

I, John E. Gilman, Jr., Deputy Clerk of the District Court of the United States for the District of Massachusetts, and during the temporary absence of the clerk in charge of the clerk's offices of said court and the custodian of its files and records, do hereby certify that the foregoing is a true copy of the record in this case as stipulated by the parties.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal this twenty-seventh day of June, A. D., 1929.

JOHN E. GILMAN, JR.
Deputy Clerk.

[Seal]

ORDER OF COURT AS TO RECORD ON APPEAL, June 21, 1929

BREWSTER, J.,—in the above entitled cause both parties agreeing thereto, it is ordered that the record annexed hereto shall constitute the record on appeal, and that the clerk shall certify it as an appeal record without examining it and without charge, except such as may be lawfully made for the certificate itself.

ELISHA H. BREWSTER,
United States District Judge.

In United States Circuit Court of Appeals for the First Circuit, October Term, 1929

No. 2372

The Paterson Parchment Paper Company et al., Defendants, Appellants,

v.

Story Parchment Company, Plaintiff, Appellee

Appeal from the District Court of the United States for the District of Massachusetts

Before Bingham, Anderson, and Wilson, JJ.

Opinion of the Court—January 23, 1930.

Wilson, J.:

An action under Sec. 7 of the Sherman Act and Sec. 4 of the Clayton Act to recover damages resulting from an alleged violation by the defendants of Sec. 2 of the Sherman Act, prohibiting the monopolizing of, or a combination or conspiracy to monopolize, any part of the trade or commerce between the several states.

At the close of the case the defendants' counsel asked that the court instruct the jury to bring in a verdict for the defendants upon several grounds, among which are the following:

"The evidence is insufficient to establish that the plaintiff has suffered damage by reason of the acts of the defendants and West Carrollton Parchment Company in pursuance of the combination and conspiracy."

"The evidence is insufficient to establish that the plaintiff has lost profits because of any acts of the defendants and West Carrollton Parchment Company in combination and conspiracy."

"The plaintiff is not entitled to a verdict unless it has established that it has been damaged by the combination, contract or conspiracy."

"The plaintiff has not established that the reductions in prices by the defendants were any more injurious to the plaintiff by reason of any contract, combination or conspiracy than they would have been without such."

"The evidence does not warrant a finding that the plaintiff would have sold any more goods under other circumstances than it did sell."

"The evidence does not warrant a finding that the plaintiff would have sold at higher prices under any other circumstances than those at which it did sell."

"The plaintiff is not entitled to a verdict unless it has been shown that damages in some amounts susceptible of expression in figures, resulted from the defendants' acts and these damages must be proved by facts from which their existence is logically and legally inferable and they cannot be supplied by conjecture."

The record disclosed that prior to 1927 the two defendants, The Paterson Parchment Paper Company of Passaic, New Jersey, and the Kalamazoo Vegetable Parchment Company of Kalamazoo, Michigan, both of which companies transact business in Massachusetts and are hereinafter referred to as the defendants, together with the West Carrollton Parchment Company of West Carrollton, Ohio, which, for lack of jurisdiction, is not joined in this action, and which will hereinafter be referred to as the Carrollton Company, were the only producers in this country of what is known to the trade as parchment paper, which is used as a protective wrapper for meats, butter and other food stuffs.

It also appears from the record that these three companies for many years prior to 1927 maintained an association for the discussion of questions affecting their mutual interests, holding meetings every two months, at which representatives of such company with their counsel attended and discussed the condition of the trade.

There is no question but that prior to the organization of the plaintiff company the three companies above named had maintained a uniform price for their product, and, while there was some parchment paper imported, enjoyed a practical monopoly of the trade in this country.

All this the plaintiff or those who organized it knew when it entered the field. It does not appear that the condition of the trade and the demand for the product held out any special inducement to a competitor by reason of a prospective increase in the demand, at least over the capacity of the three old companies to supply.

The only hope the plaintiff could have had of acquiring any considerable share of the trade was by either producing a superior quality of paper, by more efficient salesmanship, or by reducing prices over those charged by the three companies already in the field.

While the plaintiff claims it did produce a superior grade of paper and at a less cost through improved machinery, its first effort to obtain trade was to deal direct with the large packers and jobbers and offer a five per cent discount on the prices then offered by the defendants and the Carrollton Company. Such a policy immediately resulted in a price-cutting war between the three old companies and the plaintiff. The defendants contend that to retain their trade they were forced to meet the prices of the plaintiff; that they had a right to do this to protect themselves; that they did not so act through a mutual understanding or agreement; and that a reduction of prices does not result in a restraint of trade, but, on the contrary, encourages it.

The plaintiff concedes, as we understand it, that if either or both of the defendants, independent of each other, had reduced their prices in order to retain their own trade as against the new competitor, it would have had no ground for action.

What it complains of is that the three old companies by concerted action and mutual understanding, not only met its prices, but in some instances reduced their prices below those of the plaintiff, in order to prevent the plaintiff from acquiring any part of the trade in parchment paper and for the purpose of maintaining the monopoly which they already had, and which, if not an absolute monopoly, was sufficiently complete, so that if they conspired together to maintain it, it constituted a violation of Sec. 2 of the Sherman Act. Buckeye Powder Co. v. E. I. Dupont de Nemours Powder Co., 223 Fed. 881, 888-9, affirmed in 248 U. S. 55, 64; United States v. E. C. Knight Co., 156 U. S., 16; Addyston

Pipe & Steel Co. v. United States, 175 U. S. 211, 221, 237; Standard Oil Co. v. United States, 221 U. S. 1, 61.

In other words, the plaintiff does not ground its action on a conspiracy to restrain trade under Sec. 1 of the Sherman Act, though the indirect effect of a monopoly is to restrain trade, but on a conspiracy to maintain a monopoly under Sec. 2.

On this issue alone, we think there was no error in the refusal of the court to instruct the jury to bring in a verdict for the defendants. Without expressing any opinion as to the soundness of the jury's conclusion, there was sufficient evidence to go to the jury on the issue of a concerted action by the three old companies to fix their prices so as to prevent the plaintiff from acquiring any part of their trade. Patterson v. United States, 222 Fed. 599, 648-9; Hitchman Coal & Coke Co. v. Mitchell, 245 U. S. 229, 249.

But assuming that the jury was warranted in finding for the plaintiff on this issue, it does not necessarily follow that the plaintiff suffered injury. It must be proven. We think the weakness of the plaintiff's case, and wherein it failed on this branch of the case to establish the burden the law imposed upon it, is in a lack of proof that by reason of the alleged unlawful acts of the defendants it has suffered damage through what is termed "loss of profits," which can be measured and expressed in figures that are not based on speculation and conjecture, or that the damages resulting from the alleged depreciation of its plant was in any measurable degree due to any unlawful acts of the defendants; Keogh v. C. & N. W. Ry. Co., 260 U. S. 156, 165; Jack v. Armour Co., 291 Fed. 741, 745. Upon the entire evidence the jury should have been instructed to bring in a verdict for the defendant.

The use of the phrase "loss of profits" as the measure of one element of the plaintiff's damage is not a happy one. The plaintiff's declaration alleges, and its counsel in their brief contend, that the measure of damage on this phase of the case is not the loss of actual profits in its business, which it would have made if the defendants had not unlawfully combined to reduce prices, but the difference between the prices it was compelled to sell its product through the alleged unlawful combination and the prices current in November, 1927, if fair and reasonable. It contends, as the

plaintiff did in the case of Straus et al. v. Victor Talking Machine Co., 297 Fed. 791, that it is not obliged to sue for loss of profits in its business which are not always susceptible of proof. Loss of profits to form the basis of damages must be made reasonably certain by proof, or be inferable from proven facts that can form the basis for a rational estimate of their amount and not depend upon uncertainties and mere speculation or conjecture. Central Coal & Coke Co. v. Hartman, 111 Fed. 96; McCornick v. U. S. Mining Co., 185 Fed. 748, 751; American Sea Green Slate Co. v. O'Halloran, 229 Fed. 77, 80; Keogh v. C. & N. W. Ry. Co., supra. Obviously in the case at bar there could be no evidence on which to base an estimate of any actual loss of profits during the period the plaintiff operated based on previous experience, since the plaintiff never operated under what it claims are fair and reasonable prices for a sufficient length of time to furnish a standard, as the plaintiff had in Eastman Co. v. Southern Photo Co., 273 U. S. 359, 378-9; and the jury were so instructed.

The plaintiff contends, however, that it is entitled under the rule laid down in Straus et al. v. Victor Talking Machine Co., supra; Thomsen v. Cayser, 243 U. S. 66, 88, to recover as damages, and regardless of whether it could prove any actual loss of profits in its business, the difference between the prices at which it was obliged to sell its products by reason of the alleged unlawful combination of the three old companies, and the prices current in November, 1927; and that the prices then current were fair and reasonable; at least, that it does not lie in the mouth of the defendants to contend otherwise, they having established them.

The error in the plaintiff's contention is the assumption that, but for the alleged unlawful conspiracy of the defendants with the Carrollton Company, the prices current in November, 1927, would have continued to prevail, assuming them to be fair and reasonable. The plaintiff by shifting its claim for damages from a loss of profits to the difference between the prices at which it would have sold its goods if no unlawful combination had existed, and the price at which it was compelled to sell its goods, cannot escape the rule that damages cannot be based on conjecture. While, if a wrong has been done, the law permits an award of damages, though not susceptible of accurate measurement, yet

the rule still remains, and unimpaired, that they cannot be based on mere speculation. They must be made reasonably certain.

Individuals may in competition lawfully reduce prices below a fair and reasonable level. While the elimination of an unlawful combination may in a broad market reduce excessive prices to a reasonable level, it may not restore subnormal prices to a reasonable level, or keep them there. The artificial pressure removed, free competition between individuals to gain trade may always reduce or keep prices below what is fair and reasonable. The plaintiff had no vested interest in the prices of November, 1927, or any right to complain if lawful competition reduced them below a fair and reasonable level.

There is, we think, this difference in applying the rule invoked by the plaintiff in the Victor Talking Machine case and in the case at bar. In that case the Victor Company by agreement with others, designated as distributors, refused to supply machines to any dealer unless he first agreed to enter into a certain license agreement with the Victor Company, which the plaintiffs refused to do. As a result they were obliged to go out and pay excessive prices for Victor goods to supply the demand of their trade. Here the seller complains of prices unlawfully reduced. The jury in the Victor Talking Machine case found that the plaintiffs otherwise could have bought in the open market the goods they sold during the period covered by the writ at the prices at which the Victor Company distributors sold to other dealers, and therefore the court held its damages were reasonably certain of computation. In the case at bar the question of at what prices the plaintiff's product would have been sold, if there had been open competition, no unlawful combination, was not presented to the jury; on the contrary the jury must have understood from the instructions given that if they found that the November prices were fair and reasonable and would have been maintained but for the alleged unlawful acts of the defendants the measure of damages would be $20,000, the difference between the November prices and the prices at which the goods were sold. In this respect we think the charge was defective and must have misled the jury as to the measure of damages on this phase of the case.

Obviously, without an agreement between the three old companies, there is no certainty that the prices of parchment paper in November, 1927, would have remained stable under the conditions the plaintiff would have had to meet. With only three competitors besides the plaintiff, and each free to fix any price it saw fit to retain its trade, and with a limited market, there is no ground on which it can be reasonably inferred that the plaintiff, during the few months it was able to continue in business, would have sold any definite amount of paper, or if it did, that following the initial concession by the plaintiff of five per cent to the large buyers of parchment paper, the prices of November, or any prices above those actually received, would have prevailed. On the contrary, it is, we think, a moral certainty that, according to Nature's first law, each of the three old companies, if no combination had existed, in order to hold their trade would at least have met every reduction in price made by the plaintiff to gain trade, if they did not openly reduce their prices below the prices fixed by the plaintiff, as independently they lawfully could do. That the defendants would, independently of each other, act upon this rule of self-preservation, is not mere conjecture, but a rule of action of which the courts often take cognizance.

Juries may, it is true, upon sufficient evidence, determine what fair and reasonable prices will be in open competition in a broad market; but the plaintiff, even if there had been no unlawful combination by the defendants, did not have a broad, open market in which to dispose of its product. Without any such unlawful interference, it would have been compelled to dispose of its product in the same restricted market, which the old companies were already fully supplying, and to meet any prices the old companies individually saw fit to make. Nothing could be more certain than that each of the old companies would in any event use every lawful means to retain their own trade as against the new competitor; and nothing more conjectural than the result.

That, under such conditions, the November prices would have been maintained, and the plaintiff would have sold the same amount of its product at those prices, or that it would have sold any more goods than it did sell or at any higher prices is pure speculation with all the reasonable probabilities to the contrary.

As to the element of damages from the depreciation of its plant, it appears from the record that when the plaintiff company organized it had a paid in capital of $204,000 and later obtained a credit at the local bank of $75,000, or, in other words, it had in available cash $279,000 to establish a business in a field which it knew was already pre-empted by well established companies.

Its plant alone before its product could be put on the market cost $235,000, or approximately $30,000 more than its paid in capital. It appears from the testimony of its treasurer that on June 1st, 1928, two months before it was obliged to close down, that it had not paid for its land, plant and equipment by approximately $25,000; and two months later, after it had been in actual operation less than eight months, five of which it was running at about half capacity, it owed the local bank $70,000 and the company which supplied it with paper $65,000. Unless its stock on hand of about $8,000 and its bills receivable largely exceeded its bills payable, other than those above mentioned, which is not a reasonable inference from the testimony, its assets in eight months of operation had shrunk more than $100,000.

It is obvious that the plaintiff did not have sufficient capital to meet the situation it faced, even if there had been no conspiring together by its competitors and there had been open competition; and that its failure was inevitable either from lack of capital or inefficient management, or both. Even $20,000 more in receipts, which is the plaintiff's own estimate of the maximum amount it would have received if the November prices had prevailed over what it did receive, could not have enabled it to meet its obligations and prevent the attachment and closing of its plant by its creditors; but the plaintiff has not shown that it actually suffered any loss of receipts from the sale of its goods, by reason of any unlawful interference by the defendants.

The plaintiff has not, therefore, sustained the burden of proving that it has suffered any measurable damage from the reduced prices at which it was compelled to sell its product by reason of the alleged unlawful conspiracy of the defendants, or that the subsequent depreciation of its plant was due in any measureable degree to any violation of Sec. 2 of the Sherman Act by the defendants. Buckeye Powder Co. v. E. I. Dupont de Nemours Powder Co., supra;

Noyes v. Parsons, 245 Fed. 689, 696; Locker v. American Tobacco Co., 218 Fed. 447; Jack v. Armour Co., 291 *291* Fed. 741, 745.

Upon the first assignment of error, viz: that the judge below refused to direct a verdict for the defendants, the judgment of the District Court is vacated, and judgment is entered for the defendants, with costs in both courts.

The judgment of the District Court is vacated, and the case is remanded to that court with directions to enter judgment for the defendants, with costs in both courts.

IN UNITED STATES CIRCUIT COURT OF APPEALS

DISSENTING OPINION

ANDERSON, J. (dissenting):

Clearly the majority opinion is correct in its holding that "There was sufficient evidence to go to the jury on the issue of a concerted action by the three old companies to fix their prices so as to prevent the plaintiff from acquiring any part of their trade."

I think it equally clear that the opinion is wrong in holding the question of damages not also for the jury.

The evidence warranted the jury in finding that Levin, the chief factor in the plaintiff's enterprise, was experienced in that line of business; that he reasonably believed that he had equipped the plaintiff's plant with a more efficient parchmentizing machine, enabling it to produce the product more efficiently and cheaply; that the three old concerns had, since 1914, been relying mainly on their association and agreement to fix prices, and therefore had become unprogressive in equipping and operating their plants. Consequently, the evidence warranted the jury in finding that the plaintiff had reasonable expectations of successfully competing against the three old concerns by its new and more efficient plant and by better methods, both of producing and of marketing the parchmentized paper. The evidence also showed clearly that these concerns, as early as November, 1927, combined, by a price-cutting campaign, to kill the new competitor and in seven or eight months succeeded. In a word, we have here, indisputably, a combination to kill a competitor followed by the speedy death of that competitor.

The majority opinion holds that this death was due to natural causes, and not to the illegal combination for price-cutting, carried on from November, 1927, through the succeeding winter and spring. This seems to me to be an utterly untenable position.

The trial court's instructions on damages were plain and correct, and disclose pretty fully the situation as to damages, as follows:

"The second proposition, or the second question in issue, is whether the acts of the defendants resulted in injury to the plaintiff. It is necessary, in a suit of this kind, for a party to go farther than the Government would have to go if it were proceeding under the antitrust law. The Government would prevail by showing only an unlawful combination; but an individual, when he seeks to invoke the statute in question, has to add one step more,—he has to satisfy the jury that the losses which the plaintiff sustained were the direct result of the unlawful acts of the defendants. I take it that the unlawful acts, if they are found to be unlawful at all, were the acts of reducing prices. Nothing else seems to have been done that could work an injury, or that could possibly work an injury to the plaintiff. So that you have to decide whether the plight in which the plaintiff company found itself at the time that it brought its suit was primarily and directly attributable to the price reduction. If you find that it was attributable to want of capital, to lack of experience, to inefficiency, or to the adoption of an unwise policy, and especially if you find that it adopted a policy of underselling old-established companies, why, then the defendants cannot be held responsible for that loss, because the loss cannot be attributed to the unlawful acts of the defendants.

"There is evidence here, of course, as to the situation in which the parchment paper industry was at the time when the plaintiff organized its corporation and undertook to enter into the trade. In a somewhat similar case to this, the court had occasion to charge a jury, and its charge has been held, I think, by the highest court in the land to have been proper, and I am going to paraphrase one paragraph of it, because I think that it is applicable to our situation."

"As to the profits on sales actually made, which Mr. Whipple has pointed out to you appear to have been around

$20,000, assuming that it could have sold at the prices prevailing when the plaintiff entered the trade, namely, a basic price of 16 cents a pound for a 40-lb. paper, if you are satisfied that this price would have been maintained, would not have changed by reason of any economic condition, if it would have been maintained except for the unlawful acts of the defendants, if you find they did commit unlawful acts, and you satisfy yourselves from the evidence before you that the plaintiff would have sold $229,000—would have sold the same quantity of parchment—I will not give the figures—at the price of 16 cents, as a basic price of 16 cents a pound, during that period, or during the period, and that the plaintiff was compelled by the unlawful acts of the defendants to reduce its prices—if all of those conditions are found by you to have existed, then I think that you may consider as an element of damage the difference between the amount that the plaintiff actually received for the goods and what it would have received if the defendants had not indulged in the unlawful conspiracy to keep the plaintiff out of the field.

"The statute says that the plaintiff may recover for injury to business or property. What have you before you which will enable you to determine to what extent the value of the plaintiff's property has been diminished by the unlawful acts of the defendants? Well, we have the cost of the plant. The plant is still there. The only evidence as to its present value is that of Mr. Goldmann, who is not an expert and who was an interested witness. We have no evidence from those who ought to know what the present value of that plant is, other than that of Mr. Goldmann. Now, I am not going to say to you that the difference between Mr. Goldmann's valuation and the cost is an accurate index of the loss or the extent to which the value of the property has been diminished, but I am going to let you gentlemen decide whether it was diminished at all, and, if so, to what extent, if you are able to do it. If you are not able, on the evidence, to determine to what extent the value of the property was diminished, then the plaintiff has not sustained its full burden, because it is up to the plaintiff to satisfy you what the extent of that diminution was. If you think that Mr. Goldmann's testimony is to be relied upon in that respect—or I will not say that he gave any

testimony that he did not himself believe in—but I mean to say, if you believe that that is to be taken as a good basis for your conclusion as to the extent of the diminution, why, the difference between the cost and the present value would be $160,000. Of these two elements, the loss of profits on the goods sold, if you find that all the conditions existed that I have enumerated, and that the plaintiff can recover that loss would be $20,000, and whatever you may find, if anything, will fairly and reasonably represent the extent to which the value of the property is diminished. I think that it must be so that there has been a diminution; I think that it must be said that the property has diminished. It is worth less with the company out of business than it would be with the company in business. If upon the evidence you are able to say how much, that, of course, would be an element of damage. It is quite likely that the business, even though it had gone only six months or more, might have a potential value, but I have to say to you that there is no evidence here which affords a basis upon which you can determine what that potential value is. For that reason I think that the only thing that you can consider in estimating the damages to be awarded the plaintiff in this suit is the loss in profits on the goods actually sold, and the loss sustained in the damage to its property."

This shows that only two items of damage were claimed. The first, an item of $20,000, inaccurately but conveniently described as "profits"; was in fact merely the difference between the price at which the plaintiff would have sold and the actual price received as the result of the price-cutting campaign put into operation by the defendants in November, 1927. The court on this item instructed the jury (not quoted above) that in order to allow this item "they must also find that that price of sixteen cents was a reasonable price." This presented a plain question of fact for the jury. It was for them to say, in the light of all the fully disclosed business conditions, what amount the plaintiff would have been able to sell, and whether it would have gotten this larger price, aggregating $20,000, except for the defendants' unlawful combination for price-cutting.

These damages were no more speculative in their nature than they are in every case of: land taking, copyright, trademark, many patent cases, unfair competition, valua-

tion for rate making purposes and personal injury. How is the question of whether a rate is confiscatory to be determined except by estimating future as well as past profits? What is a negligently lost arm or a leg worth,—considering the uncertainty of human life,—how long the victim might have used that useful member if he had not lost it by wrongful act? The ruling now made would make the assessment of damages impossible in a great majority of the cases in which only damages are a remedy for a wrong done.

But, apart from the minor item of diminished revenue (miscalled profits) in the record, the evidence showed beyond dispute that a plant costing about $235,000 had been put out of business; that of this $235,000, approximately $90,000 had been expended in equipping the plant with this special parchmentizing machine. There is absolutely no answer to the court's observation that there must have been damage when, as the result of the defendants' illegal acts, the plaintiff was compelled to close this plant down. The treasurer testified that he estimated the market value of the plant thus put out of business to be $75,000. The jury's verdict of only $65,000 indicated that it probably diregarded the $20,000 item, and cut very substantially the loss due to the closing down of this plant. But it is matter of common knowledge that the abandonment of such a plant thus equipped would do very substantial damage; the amount of that damage was plainly for the jury.

The statements in the majority opinion that the plaintiff went out of business for lack of sufficient capital, "and that its failure was inevitable, either from lack of capital or inefficient management, or both" amount to usurping the function of the jury. Indeed, the opinion on damages does not read at all like the opinion of an appellate court, dealing only with questions of law; it deals largely with facts solely for the jury.

There is no discussion of the soundness of the trial court's instructions on damages. By necessary implication, they are conceded to be correct. The conclusion is (to repeat) that, without the defendants' conspiracy to put the plaintiff out of business, it would have died anyway. The logic is, in that regard, hardly distinguishable from setting up the mortality of all human beings as a defense to an indictment for manslaughter or murder. The undeniable facts are that

the defendants conspired to kill the plaintiff and the plaintiff died. The majority opinion is to the effect that the conspiracy was unnecessary; that the plaintiff would have died anyway. I do not assent to such reasoning or to its results.

None of the cases cited supports the rulings made on damages. The main reliance seems to be on Geogh v. C. & N. Ry., 260 U. S. 156. This was an action brought by Keogh as a shipper against eight railroads and twelve individuals, claiming, in substance, that he was entitled to the benefit of competition in railroad rate-making, although, after extensive hearings, in which Keogh participated, the rates of which he complained were approved by the Interstate Commerce Commission. The court held that, under these circumstances, he was not entitled to rates made in competition, saying:

"The instrument by which Keogh was alleged to have been damaged is rates approved by the Commission. * * * All the rates fixed were reasonable and non-discriminatory. * * * What rates are legal is determined by the Act to Regulate Commerce. * * * If the conspiracy here complained of had resulted in rates which the Commission found to be illegal because unreasonably high or discriminatory, the full amount of the damages sustained, whatever their nature, would have been recoverable in such proceedings."

It is true that the case dealt with the alleged damages as being purely speculative. But the reasons given make this ruling entirely inapplicable to the instant case; for the court said:

"Here the instrument by which the damage is alleged to have been inflicted is the legal rate, which, while in effect, had to be collected from all shippers. Exaction of this higher legal rate may not have injured Keogh at all; for a lower rate might not have benefited him. Every competitor was entitled to be put—and we must presume would have been put—on a parity with him. And for every article competing with excelsior and tow, like adjustment of the rate must have been made. Under these circumstances no court or jury could say that, if the rate had been lower, Keogh would have enjoyed the difference between the rates or that any other advantage would have accrued to him. The bene-

fit might have gone to his customers, or conceivably, to the ultimate consumer."

This amounts to saying that Keogh (and all shippers) could not have damages assessed on an illegal or non-legal theory of rate-making; that the law imposed parity of rates on all shippers; and that therefore damages alleged from a non-existent, illegal theory of rate-making were purely speculative.

But that reasoning has no application to these defendants, who were separate, independent manufacturers, not required to make uniformity of prices, and not permitted to make such prices by concerted action, for the purpose of destroying a competitor. The doctrine of the Keogh case has no bearing on the instant case.

In Straus v. Victor Talking Machine, 297 Fed. 791, 800, 802 and cases cited, the Court of Appeals for the Second Circuit laid down the general rule that:

"The constant tendency of the courts is to find some way in which damages can be awarded where a wrong has been done. Difficulty of ascertainment is no longer confused with the right of recovery."

The same doctrine was stated by this court in Linen Thread Co. v. Shaw, 9 Fed. (2d) 17, as follows:

"The rule that damages, if uncertain, cannot be recovered, applies to their nature, and not to their extent. If the damage is certain, the fact that its extent is uncertain does not prevent a recovery."

In spite of this firmly established rule, this court now holds this plaintiff,—a victim of duly established wrongdoing,—to be remediless.

See Hetzel v. Baltimore & Ohio R. R., 169 U. S. 26, 38, citing with approval applicable language from Baker v. Drake, 53 N. Y. 211, 220. See also Hamilton-Brown Shoe Co. v. Wolf, 240 U. S. 251, 259, et seq., a trade-mark case; Randall v. Peerless Motor Co., 212 Mass. 352, 379 et seq., and cases cited; Barrett v. Panther Rubber Co., 24 Fed. (2d) 329, 337. Gagnon v. Sperry & Hutchinson Co., 206 Mass. 547, 555; Hetherington & Sons v. Firth Co., 210 Mass. 8, 21.

The overwhelming weight of authority is against the holding of the majority opinion.

Minute entry of argument and submission October 23 and 24, 1929, omitted in printing.

IN UNITED STATES CIRCUIT COURT OF APPEALS

JUDGMENT—Filed January 23, 1930

This cause came on to be heard October 23 and 24, 1929, upon the transcript of record of the District Court of the United States for the District of Massachusetts, and was argued by counsel.

Upon consideration whereof, it is now, to wit, January 23, 1930, here ordered, adjudged and decreed as follows: The judgment of the District Court is vacated, and the case is remanded to that court with directions to enter judgment for the defendants, with costs in both courts.

By the Court.

Arthur I. Charron, Clerk.

IN UNITED STATES CIRCUIT COURT OF APPEALS

MINUTE ENTRY OF ORDER STAYING MANDATE

Thereafter, to wit, on February 10, 1930, on motion of appellee, mandate was stayed until further order of court.

Clerk's certificate to foregoing transcript omitted in printing.

SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed April 14, 1930

The petition herein for a writ of certiorari to the United States Circuit Court of Appeals for the First Circuit is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

MAR

FILE COPY

Supreme Court of the United States.

OCTOBER TERM, 1929.

No. ~~284~~ 57

STORY PARCHMENT COMPANY,
PETITIONER,
v.
THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

PETITION FOR WRIT OF CERTIORARI.

EDWARD O. PROCTOR,
Counsel for Petitioner.

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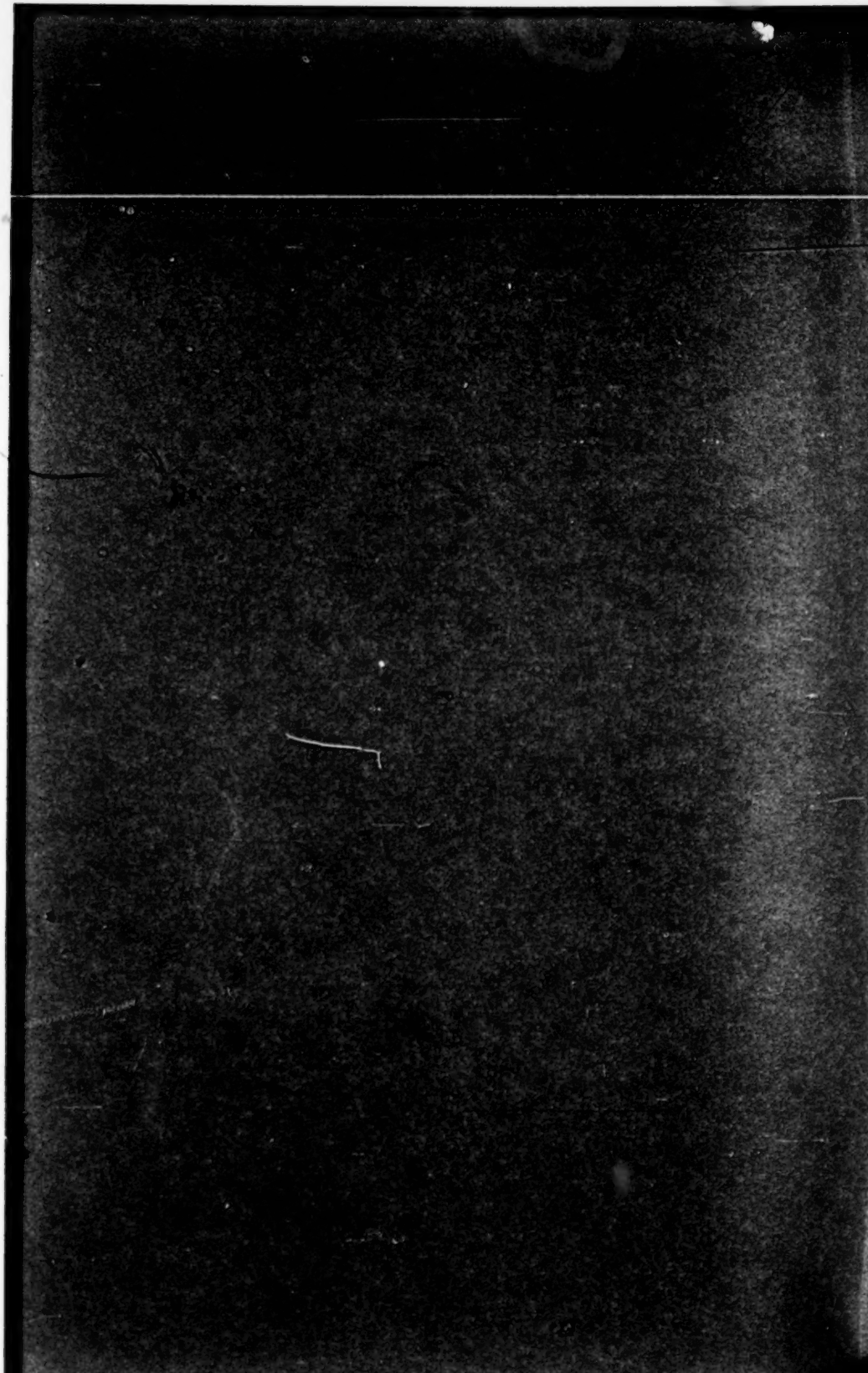

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Supreme Court of the United States.

OCTOBER TERM, 1929.

No.

STORY PARCHMENT COMPANY,
PETITIONER,
v.
THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

PETITION FOR WRIT OF CERTIORARI.

To the Honorable the Justices of the Supreme Court of the United States:

The petition of Story Parchment Company respectfully shows as follows:

SUMMARY STATEMENT OF THE MATTERS INVOLVED.

The petitioner was the plaintiff and the respondents were the defendants in an action under the Anti-Trust laws of the United States in the District Court of the United States for the District of Massachusetts, in which the jury returned a verdict for the plaintiff in the sum of sixty-five thousand dollars. Judgment was for threefold these damages and costs. The Circuit Court of Appeals for the First Circuit, on January 23, 1930, ordered that the judgment of the District Court be vacated, and the case remanded with directions to enter judgment for the defendants, with costs in both courts.

The Court unanimously agreed that there was evidence of a conspiracy to maintain a monopoly and of concerted action to fix prices, in which the defendants participated. The majority, however, held—Judge Anderson dissenting—

that the plaintiff was not entitled to recover because the evidence failed to show that the conspiracy resulted in damage to the plaintiff to any measurable extent or degree.

The plaintiff was a corporation organized in 1927 to manufacture and sell vegetable parchment, a paper principally used as a protective wrapper for food-stuffs. It carried on business from November, 1927, until June, 1928.

For many years prior to the organization of the plaintiff the defendants and the West Carrollton Parchment Company (not joined as a party to the suit for lack of jurisdiction) had been the only producers of vegetable parchment in this country, and had combined to restrict competition and to maintain uniform prices for their product, so that they enjoyed a practical monopoly of trade and commerce in vegetable parchment among the several states.

The entry of the plaintiff into competition in that commodity threatened to terminate that monopoly.

The defendants and West Carrollton Parchment Company thereupon conspired to maintain their monopoly, and to prevent the plaintiff from acquiring any part of the trade and commerce in vegetable parchment. Pursuant to the conspiracy, and as one means of accomplishing its purpose, they initiated and carried on a price war against the plaintiff, in which, acting in concert, they simultaneously reduced their prices from time to time to figures which were not only below fair and reasonable prices but even below cost for their product.

The conspiracy was successful, and the plaintiff was compelled, as a result of the conditions in the trade which the combination had created, to cease carrying on business.

During the period in which the plaintiff was engaged in trade and made sales of its products it was compelled, in order to carry on business, to sell at the reduced prices which the combination had fixed. Its revenue was thereby diminished below the amount which it would have received for its products at fair and reasonable prices.

Moreover, when the plaintiff was forced to retire from business it had on its hands a plant which it had acquired and equipped for the manufacture of vegetable parchment. Much of its equipment was of no value for any other purpose. By reason of the existence of the defendants' monopoly and the general knowledge in the trade of its effect upon the plaintiff's business, the sale of the plant as a going concern became impracticable. Its value disassembled was much less. The value of the plaintiff's plant was thereby depreciated.

In the District Court the plaintiff claimed that it had been damaged by the defendants' wrongful conduct, both in its property and in its business; in its property, in that it had been compelled to sell its product at the unreasonable prices fixed by the combination, and in that it had been prevented from making that use of its plant and equipment for which it had been designed and which as a result was depreciated in value; and in its business, in that it had been prevented from acquiring trade in parchment at fair and reasonable prices yielding a profit, as it would otherwise have done. The District Court, however, instructed the jury that "in this case nothing should be allowed for profits on the sales which might have been made if there had been no unlawful interference with the plaintiff's business, because we have here no history of the operations of the company, no facts upon which you could base an estimate of what these profits might have been" (R. 600). The case, therefore, went to the jury solely on the two items of damage to the plaintiff's property referred to above.

The decision of the Circuit Court of Appeals concedes that these items of damage, if shown to have been caused to any measurable extent or degree by wrongful conduct of the defendants, are recoverable, and that the facts hereinabove summarized were shown. The opinion of the majority is that, nevertheless, the plaintiff failed in its proof.

Diminution in revenue. With reference to the plaintiff's contention that it was entitled to recover the difference between the amounts for which it sold its products and those which it would have realized at fair and reasonable prices, there being evidence that the prices current in November, 1927, were fair and reasonable, the majority say:

> "The error in the plaintiff's contention is the assumption that, but for the alleged unlawful conspiracy of the defendants with the Carrollton Company, the prices current in November, 1927, would have continued to prevail, assuming them to be fair and reasonable. . . .
>
> "Individuals may in competition lawfully reduce prices below a fair and reasonable level. . . .
>
> ". . . free competition between individuals to gain trade may always reduce or keep prices below what is fair and reasonable . . ." (R. 618).
>
> ". . . it is, we think, a moral certainty that, according to Nature's first law, each of the three old companies, if no combination had existed, in order to hold their trade would at least have met every reduction in price made by the plaintiff to gain trade, if they did not openly reduce their prices below the prices fixed by the plaintiff, as independently they lawfully could do. That the defendants would, independently of each other, act upon this rule of self-preservation, is not mere conjecture, but a rule of action of which the courts often take cognizance" (R. 619).
>
> ". . . the plaintiff, even if there had been no unlawful combination by the defendants, did not have a broad, open market in which to dispose of its produce. Without any such unlawful interference, it would have been compelled to dispose of its product in the same restricted market,* which the old companies were al-

* The Court clearly cannot have meant, by the words "restricted market," that the number of buyers in the market for parchment was limited. The wide

> ready fully supplying, and to meet any prices the old companies individually saw fit to make. Nothing could be more certain than that each of the old companies would in any event use every lawful means to retain their own trade as against the new competitor; and nothing more conjectural than the result" (R. 620).

Their conclusion was that:

> "The plaintiff has not, therefore, sustained the burden of proving that it has suffered any measurable damage from the reduced prices at which it was compelled to sell its product by reason of the alleged unlawful conspiracy of the defendants . . ."

Where the opinion refers to the "assumption" by the plaintiff that, but for the conspiracy, the prices current in November, 1927, would have continued to prevail, it is clear that the assumption intended to be described is only one that there was evidence for the jury of the facts contained therein, for the question was submitted to the jury under appropriate instructions:

> ". . . if you are satisfied that this price would have been maintained, would not have changed by reason of any economic condition, if it would have been maintained except for the unlawful acts of the defendants, if you find they did commit unlawful acts . . ." (R. 601).

Indeed, the majority manifestly thought not only that the jury could not have found that the prices current in November, 1927, or fair and reasonable prices, would

---

demand for the commodity was undisputed. *E.g.*, Kindleberger, president of the defendant Kalamazoo Vegetable Parchment Company, testified: "Their customers are all over the United States and a little abroad, including the dairy industry, meat packers, ice cream manufacturers, celery washers, poultry packers, retail groceries and meat markets, preserving manufacturers, soap manufacturers and other minor industries" (R. 518).

have prevailed during the period of the plaintiff's competition, but that it was "a moral certainty" "according to Nature's first law" that the defendants and West Carrollton Parchment Company, in the absence of a conspiracy, would have made substantially identical reductions in price, independently, and therefore lawfully.

Upon this view of the facts, the majority of the Court conclude that the plaintiff could have suffered no measurable damage, since, *as they assume*, no damage is caused by acts pursuant to an unlawful conspiracy where the same damage would otherwise have been caused by the same acts independently and therefore lawfully done.

Depreciation in value of the plant and equipment. The opinion of the Circuit Court of Appeals concedes that there was evidence of a depreciation in value of the plaintiff's plant and equipment, and that, if that depreciation were caused by unlawful acts of the conspirators, the defendants would be liable for that damage. But the majority assert that the failure of the plaintiff's business and the subsequent depreciation in value of its plant was not caused by the conspirators, but was "inevitable either from lack of capital or inefficient management, or both."*

Here again the decision assumes the "moral certainty" that conditions in the trade would not have been substantially different had there been no conspiracy, and that the

* The majority opinion (p. 8) refers to certain figures in evidence, and from these concludes: "Unless its stock on hand of about $8,000, and its bills receivable largely exceeded its bills payable, other than those above mentioned, which is not a reasonable inference from the testimony, its assets in eight months of operation had shrunk more than $100,000" (R. 620). The balance sheets themselves were not in evidence, and it did not occur to the Court that cash in hand and in banks, supplies, and inventories other than finished inventory, reserves, and prepaid expenses, would affect this calculation. Moreover, the figure of about $8000 for stock on hand was as of the last of October, 1928 (R. 577), four months after the company had ceased to manufacture and to incur any substantial expense, and the Court did not know the amount of the bills receivable. The Court could not know that they did not largely exceed the bills payable other than those mentioned, as in fact they did.

defendants are, therefore, not responsible for the actual conditions which, admittedly, they conspired to bring about for the purpose of destroying the plaintiff's competition.

Directions to enter judgment for the defendants. It is obvious that the carrying on of a price-cutting war against the plaintiff by the three old companies in order to maintain their monopoly must have resulted in some damage to the plaintiff, even though, as the majority opinion holds, the evidence was insufficient to show damage "which can be measured and expressed in figures that are not based on speculation and conjecture" (R. 616).

The Circuit Court of Appeals, however, has ordered that the case be remanded to the District Court *with directions to enter judgment for the defendants.*

Reasons Relied on for the Allowance of the Writ.

Your petitioner is advised and alleges that the decision of the Circuit Court of Appeals was erroneous and should be reviewed by this Court, in that—

1. The decision is that one injured by reason of a conspiracy in violation of the Anti-Trust laws cannot recover the damages caused by acts in combination pursuant to such conspiracy if such acts, without combination and in the absence of conspiracy, would have been lawful and might or would naturally have been done.

2. The decision is that in order to measure the damages caused by acts done in combination pursuant to such a conspiracy there must be subtracted from all the damage caused such damage as might have lawfully been caused by similar acts not in combination, in the absence of a conspiracy, and in fair competition.

3. The decision is that there can be as matter of law no causal connection between a conspiracy and acts pursuant thereto to accomplish the plaintiff's failure, and the accomplishment of that purpose on the ground that, in the absence

of a conspiracy, by reason of similar acts lawfully done, the plaintiff would have failed.

4. The decision assumes that in the absence of a common understanding and purpose the defendants would have created conditions in trade and commerce in parchment substantially identical in effect with those which were actually caused pursuant to conspiracy—a conclusion which could not have been drawn from the evidence, which was not accepted by the jury, and which disregards the very considerations of policy which were the source of the provisions of the Anti-Trust laws against combinations.

5. The decision constitutes a reversal for error in fact.

6. The decision denies to a person injured by reason of a violation of the Anti-Trust laws the right to recover even nominal damages and its costs.

7. The decision was that judgment should be entered for the defendants below, instead of directing that a new trial should be had.

Wherefore, your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the First Circuit, commanding that Court to certify and to send to this Court on a day certain to be therein named, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket, No. 2372, *The Paterson Parchment Paper Company et al., Defendants, Appellants,* v. *Story Parchment Company, Plaintiff, Appellee,* to the end that said case may be reviewed and determined by this Court as provided by law, and that your petitioner may have such other and further relief in the premises as to this Court may seem just and proper.

STORY PARCHMENT COMPANY,
By its Attorney,
EDWARD O. PROCTOR.

Supreme Court of the United States.

OCTOBER TERM, 1929.

No.

STORY PARCHMENT COMPANY,
PETITIONER,
v.
THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

BRIEF IN SUPPORT OF PETITION.

OPINIONS OF THE COURT BELOW.

The opinions in the Circuit Court of Appeals, the majority opinion having been written by Judge Wilson and the dissenting opinion by Judge Anderson, are not yet reported. They will be found at pages 613 and 621 of the record.

JURISDICTION.

The judgment of the Circuit Court of Appeals was entered January 23, 1930 (R. 629). Jurisdiction of this Court to issue the writ applied for is invoked under section 240 (*a*), Judicial Code, as amended by the Act of February 13, 1925.

STATEMENT OF THE CASE AND SPECIFICATIONS OF ERRORS.

The summary statement of the matters involved in the case already given in the petition contains in brief form all

that is material to the consideration of the questions presented. The statement of the reasons relied on for the allowance of the writ shows the errors intended to be urged. In the interest of brevity they are not reiterated at this point.

ARGUMENT.

The writ prayed for should issue.

1. The exact questions presented have not been settled by this Court. It is important that they should be.

There is no decision in this Court upon the question how the damages suffered in an illegal price war are to be measured. There is, indeed, little or no authority upon the question elsewhere, as might be expected, since at common law price wars, whether carried on by a combination or individuals, were not illegal and the damage suffered was *damnum absque injuria.*

If the doctrine of the Circuit Court of Appeals is accepted, that is, that the only damages recoverable are those which it is certain could not have been caused lawfully, and that the Court must assume that substantially identical damages would have been so caused, a plaintiff can never recover damages as the result of an illegal price war.

The decision leads to this curious construction of the statute, that what was at common law *damnum absque injuria* becomes, when prohibited by statute, *injuria sine damno.*

The principles made the basis of the decision, moreover, are applicable to all cases of injuries under the Anti-Trust laws caused by acts otherwise lawful, and to all cases of damage caused by acts usually privileged, but wrongful in the particular case, and the decision will be cited as an authority in such cases.

The question, also involved, whether, if the plaintiff sues under the Anti-Trust laws and proves some damage, but

fails to show with reasonable certainty in what amount, a verdict should be directed for the defendants, has never been determined by this Court, nor, so far as we know, by any Circuit Court of Appeals.

2. The decision below is contrary to and in conflict with the principles laid down in the decisions of this Court and supported by the great weight of authority.

A. Damage may be caused by acts pursuant to an unlawful conspiracy, even though the consequences of such acts are no different from those which might or would have occurred in the absence of a conspiracy.

The question which, in the opinion rendered by the majority of the Court below, is said to be decisive of this case is whether there was evidence that any damage, or any measurable damage, was caused to the plaintiff by what was done by the defendants.

It must be clear, however, that the Court regarded this question as one quite different in substance from the question whether what was done by the defendants had any effect, adverse or otherwise, upon the plaintiff. There is and could have been no doubt that the plaintiff was hurt by what was done.

The real question, therefore, which the Court decided was whether the plain consequences of what was done by the defendants to the plaintiff were *damage* to it.

The problem must have appeared to the Court somewhat in this form:

What damage results from acts lawful in themselves but made unlawful because of their purpose?

The majority answered this question by saying that only such consequences to the plaintiff as would not have resulted except for the existence of the wrongful purpose are damage.

When it then occurred to them that, but for the existence of the purpose, there would have been no combination, nor the added power which a combination is supposed to have, they disposed of that suggestion by saying that they could see that in the particular situation presented the existence of a combination made no difference; the things done would have been done anyway, in the absence of an unlawful purpose, or at least such substantially similar things would have been done as to make the difference between what was done and what would have been done (the damage, in their view) conjectural.

Now the plaintiff had claimed that the defendants and West Carrollton Parchment Company had by concerted price reductions created an artificial level of prices below fair and reasonable prices, that is, below such prices as would have been fixed by the play of varying supply and demand in the absence of manipulation, and below cost, and that it had been compelled to sell at the reduced prices; that thereby its revenue had been diminished; that by this means and by the concerted efforts of the conspirators to prevent it from acquiring any part of the trade in parchment it had been compelled to discontinue business and the value of its property had been depreciated.

Grant that, say in effect the majority, for there was evidence of it. But how has the plaintiff been damaged by the conspiracy? All that has happened might have happened in the absence of a conspiracy, and we can see that it would have happened.

Is the position of the Court sound or does it accord with established principles? We believe that it is clearly erroneous.

Damage is caused by overt acts, not by purpose or intention, or common purpose or conspiracy. A mere conspiracy without acts following it can damage no one. Though the public may complain in criminal proceedings, such a conspiracy affords no one a civil remedy.

Damage may be caused by acts which are lawful, in which case it is known as *damnum absque injuria.* It has always been recognized that the effect of the competition of one person upon another's business may be damage, though it is *damnum absque injuria.*

Year Books, 11 H. 4, 47:

"Dampnum puit estre absque injuria, come si j'ay un Molyn, et mon vicine leve un auter Molyn, peront le profite de mon Molyn est diminish, j'aver nul action vs. luy, uncor il est damage a moy."

Keeble v. *Hickeringill,* 11 Mod. 131:

Holt, C.J.: "It is true, there may be a dammum sine injuria. If a man set up the same trade as mine in the same town, this is a damage to me, but it is sine injuria; for it is lawful for him to set up the same trade if he please."

Mogul Steamship Co. v. *McGregor,* 23 Q.B.D. 598, 613:

"The acts of the defendants which are complained of here [price reductions], were intentional, and were also calculated, no doubt to do the plaintiffs damage in their trade. But in order to see whether they were wrongful we have still to discuss the question whether they were done without any just cause or excuse."

Commonwealth v. *Hunt,* 4 Metc. 111, 134:

"Suppose a baker in a small village had the exclusive custom of his neighborhood, and was making large profits by the sale of his bread. Supposing a number of those neighbors, believing the price of his bread too high, should propose to him to reduce his prices, or if he did not, that they would introduce another baker;

and on his refusal, such other baker should, under their encouragement, set up a rival establishment, and sell his bread at lower prices; the effect would be to diminish the profit of the former baker, and to the same extent to impoverish him. And it might be said and proved, that the purpose of the associates was to diminish his profits, and thus impoverish him, though the ultimate and laudable object of the combination was to reduce the cost of bread to themselves and their neighbors. The same thing may be said of all competition in every branch of trade and industry; and yet it is through that competition, that the best interests of trade and industry are promoted. It is scarcely necessary to allude to the familiar instances of opposition lines of conveyance, rival hotels, and the thousand other instances, where each strives to gain custom to himself by ingenious improvements, by increased industry, and by all the means by which he may lessen the price of commodities, and thereby diminish the profits of others.

"We think, therefore, that associations may be entered into, the object of which is to adopt measures that have a tendency to impoverish another, that is, to diminish his gains and profits, and yet so far from being criminal or unlawful, the object may be highly meritorious and public spirited. The legality of such an association will therefore depend upon the means to be used for its accomplishment."

Vegelahn v. *Guntner*, 167 Mass. 92, 106:

". . . it has been the law for centuries that a man may set up a business in a country town too small to support more than one, although he expects and intends thereby to ruin someone already there, and succeeds in his intent. In such a case he is not held to act

'unlawfully and without justifiable cause,' as was alleged in *Walker* v. *Cronin* and *Rice* v. *Albee*. The reason, of course, is that the doctrine generally has been accepted that free competition is worth more to society than it costs, and that on this ground the infliction of the damage is privileged."

The acts pursuant to a conspiracy to violate the Anti-Trust laws are themselves unlawful, no matter how innocent they might be when done by one.

Swift & Co. v. *United States*, 196 U.S. 375, 396:

"It is suggested that the several acts charged are lawful and that intent can make no difference. But they are bound together as the parts of a single plan. The plan may make the parts unlawful."

Aikens v. *Wisconsin*, 195 U.S. 194, 206:

"The most innocent and constitutionally protected of acts or omissions may be made a step in a criminal plot, and if it is a step in a plot, neither its innocence nor the Constitution is sufficient to prevent the punishment of the plot by law;" quoted in—

Loewe v. *Lawlor*, 208 U.S. 274, 299.

When by statute acts otherwise lawful are made unlawful because done pursuant to a prohibited conspiracy, no change in the actual consequences of the acts is produced. The acts still cause the same results, the same damage. What the statute does is to remove the privilege under which they were formerly shielded. It should follow that what was *damnum absque injuria* is now recoverable damage.

Of course it is not claimed that all losses suffered by the plaintiff are damage recoverable from the defendants. They are undoubtedly not responsible for conditions created by the plaintiff itself or by others. Nor should they be respon-

sible for the consequences of their acts, otherwise lawful, and not within the scope of the conspiracy and pursuant to it.

It is perceived that the entry of the plaintiff into competition with the established companies might have disturbed the existing equilibrium of supply and demand. If the introduction of its production to the market had the effect of reducing prices below fair and reasonable prices, or below a price at which it could sell at a reasonable profit, it would itself be the cause of any damage suffered and not the defendant. In fact, however, it is obvious that the plaintiff's production could have had little effect upon the market when its total production from November, 1927, to October, 1928, 1,733,682 pounds (R. 577), is compared with the total gross production of the other three companies, 38,000,000 pounds (R. 566, 473, 518, 538).

In any event, it was for the jury, having before it evidence of the prices for parchment prevailing over a number of years, of costs of production, of the quantities produced and sold, of the nature and extent of the demand for the product, and the statements of witnesses as to their opinion of what was a fair price, to determine what would be a fair price for the product under natural conditions, and to what extent the acts of the defendants pursuant to the conspiracy had reduced the actual price below a fair price. It was no more difficult for them to do so in this case than in those cases where a combination has increased the market price above a "fair price . . . under natural conditions," and a purchaser at that price has been allowed to recover the overcharge.

Chattanooga Foundry & Pipe Works v. *Atlanta*, 203 U.S. 391, 396.

Thomsen v. *Cayser*, 243 U.S. 66, 88.

Straus v. *Victor Talking Machine Co.*, 297 Fed. 791, 803.

It was for the jury as well to determine whether the conditions existing in the trade which indisputably resulted in the failure of the plaintiff's business and the subsequent depreciation of its plant were "natural conditions," or were conditions intentionally created by the defendants and West Carrollton Parchment Company in order to destroy the plaintiff. Nor were they bound to assume, as the majority of the Court below did, that, if it were certain that in the absence of a conspiracy similar conditions would have prevailed, the actual conditions were "natural conditions," for which the defendants would be in no wise responsible. It is no defense that conditions causing damage to the plaintiff might have been created under the cloak of the privilege of fair competition, if in fact they were not.

B. The Court below had no right to assume as a matter of judicial knowledge that, in the absence of a conspiracy, conditions in the trade would have been substantially similar to those actually created by the conspirators.

We have, under the heading next preceding the above, dealt with the case upon the assumption which we believe that the majority of the Court below made—that in the absence of a conspiracy conditions in the trade would have been substantially similar to those actually created by the conspirators—and pointed out our reasons for believing that, were it justified, it fails to support the decision.

We ought to point out that the opinion does not state the assumption quite as shortly and plainly as we have done; it is cast in a negative rather than a positive form. The opinion states (R. 619):

> ". . . there is no ground on which it can be reasonably inferred that . . . any prices above those actually received, would have prevailed. On the contrary, it is, we think, a moral certainty, that, according to Nature's first law, each of the three old companies, if no com-

bination had existed, in order to hold their trade would at least have met every reduction in price made by the plaintiff to gain trade if they did not openly reduce their prices below the prices fixed by the plaintiff, as independently they lawfully could do. That the defendants would, independently of each other, act upon this rule of self preservation, is not mere conjecture, but a rule of action of which the courts often take cognizance."

In a few words, the position of the majority was that there was no evidence that anything that happened would not have happened anyway.

We think, however, that the jury were justified in believing that, but for the combination, conditions in the trade would have been quite different. It is natural that each company in business should endeavor to obtain as large a share of the trade as possible at a fair price yielding a reasonable profit. It is not to be expected, on the other hand, that a company will manufacture goods to sell them at a loss. It does not seem to us proper even to guess, much less to assume, as the majority of the Court below do, that each company, acting independently, would have been so moved by a desire to eradicate the competition of the new company as to precipitate a price war in which prices would be reduced below cost, or even to a point where no profit could be made. It is to be remembered that the jury were clearly warranted in finding that the reductions in prices actually made by the defendants were below their cost. See the statements in their correspondence (*E.g.*, R. 482, 235, 233, 234, 246, 248, 249, 258, 341, 398, 399, 372, 209, 361, 362, 377, 353, 354, 444, 446, 447).

The jury might well have considered that, had the established companies been acting independently, there was no more reason for each to engage in cut-throat competition with the plaintiff than with any of the others, and that, since

no disposition to do so had been manifested prior to the plaintiff's entry into the field, the fact that a new company had undertaken to compete on a comparatively small scale furnished no occasion for a change in policy by each.

Moreover, the opinion fails to recognize the truth so generally acknowledged, that there is in a combination a power of coercion which does not exist in the individual members thereof.

It may be suggested that the fact that there was a combination against the plaintiff shows that the defendants, in this very case, recognized that they might thereby gain a power which they lacked standing alone. What inner necessity compelled them, otherwise, to meet and to agree that their reductions in price should be concerted?

The Anti-Trust laws themselves show that Congress perceived that there was a danger in combinations which did not exist where competitors acted independently. We do not believe that a Court has the right to deny effect to the statute by saying that in a particular case Congress was mistaken and that what the combination did in the case before it was nothing more than would have been done without understanding or preconcerted plan; certainly a Court should not do so without evidence and merely as a matter of judicial knowledge.

Nor does the fact that the established companies might, conceivably at least, have done independently what they did in concert make the plaintiff's damages conjectural. Damages do not become conjectural because it may be conjectured that they might have been caused in some other and lawful way.

For an able criticism of the conclusion of the majority on this point we refer to the dissenting opinion of Judge Anderson. We quote from it the following:

> "The conclusion is (to repeat) that, without the defendants' conspiracy to put the plaintiff out of busi-

> ness, it would have died anyway. The logic is, in that regard, hardly distinguishable from setting up the mortality of all human beings as a defense to an indictment for manslaughter or murder. The undeniable facts are that the defendants conspired to kill the plaintiff and the plaintiff died. The majority opinion is to the effect that the conspiracy was unnecessary; that the plaintiff would have died anyway. I do not assent to such reasoning or its results" (R. 626).

C. The plaintiff was at least entitled to recover nominal damages and its costs.

It may be granted that the gist of an action at law under the Anti-Trust laws is damage, and that a plaintiff may not have a verdict unless it shows damage.

Even the opinion of the majority of the Court below, however, recognized that the evidence showed some damage to the plaintiff. It must be clear indeed, on any view of the case, that the carrying on of a price war against the plaintiff was bound to result in some damage to it.

The ground of the Court's decision below is that there was—

> "a lack of proof that by reason of the alleged unlawful acts of the defendants it has suffered damages through what is termed 'loss of profits,' which can be measured and expressed in figures that are not based on speculation and conjecture . . ."

But it is certainly the general rule that, where it appears that actual damage has been sustained, but there is not evidence sufficient to enable the amount thereof to be ascertained, the plaintiff is yet entitled to recover nominal damages.

United States v. *Mock*, 149 U.S. 273.
17 Corpus Juris, 725, and cases cited.

It is submitted that the rule is applicable to an action at law under the Anti-Trust laws.

The matter is of some importance because nominal damages carry costs which, in an action under the Anti-Trust laws, include a reasonable attorney's fee.

D. The Circuit Court of Appeals had no power to order judgment for the defendants below.

Of course the Court below had no power to order a judgment for the defendants unless by reason of the fact that the jury rendered an alternative verdict and consented that, if as a matter of law the plaintiff was not entitled to a verdict, a verdict might be entered for the defendants (R. 13, 605).

> *Slocum* v. *New York Life Insurance Company*, 228 U.S. 364.

Whether a jury may be required to return an alternative verdict, in the form in which it was done in this case, in view of the Seventh Amendment, has never been passed upon by this Court, although in *Northern Railway Co.* v. *Page*, 274 U.S. 65, the practice was assumed without discussion to be valid.

The practice has been adopted in the District of Massachusetts under the Conformity Act, from the practice in the state Courts of Massachusetts under a state statute (Massachusetts General Laws, c. 231, sec. 120).

> *Automatic Pencil Sharpener Co.* v. *Boston Pencil Pointer Co.*, 279 Fed. 40.

The practice was unknown at common law at the time of the adoption of the Federal Constitution. In the exhaustive review of the modes and forms of trial by jury in *Slocum* v. *New York Life Insurance Co.*, *supra*, no reference was made to any such practice. As that case decided that the Seventh Amendment safeguarded the right to trial by jury

as it existed at the time of the Constitution and that final judgment could not be ordered on reversal by the reviewing court under a state statute where it was decided that there was no evidence for a jury, the practice seems clearly to conflict with the constitutional guarantee.

In any event the Circuit Court of Appeals had power under the terms of the verdict only to order that the verdict now be entered for the defendants. It did not have power to order judgment and thereby deprive the plaintiff of the right to move for a new trial or to prosecute its exceptions, and, if it should obtain a new trial, to supply other evidence of its damages.

Conclusion.

It is therefore respectfully submitted that this case is one calling for the exercise by this Court of its supervisory powers, and that to such an end a writ of certiorari should be granted and this Court should review the decision of the Circuit Court of Appeals for the First Circuit and finally reverse it.

EDWARD O. PROCTOR,
Counsel for Petitioner.

Sherman L. Whipple,
Edward C. Park,
Of Counsel.

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Supreme Court of the United States.

October Term, 1930.

No. 57.

Story Parchment Company,
Petitioner,

v.

The Paterson Parchment Paper Company
and
Kalamazoo Vegetable Parchment Company.

BRIEF FOR THE PETITIONER.

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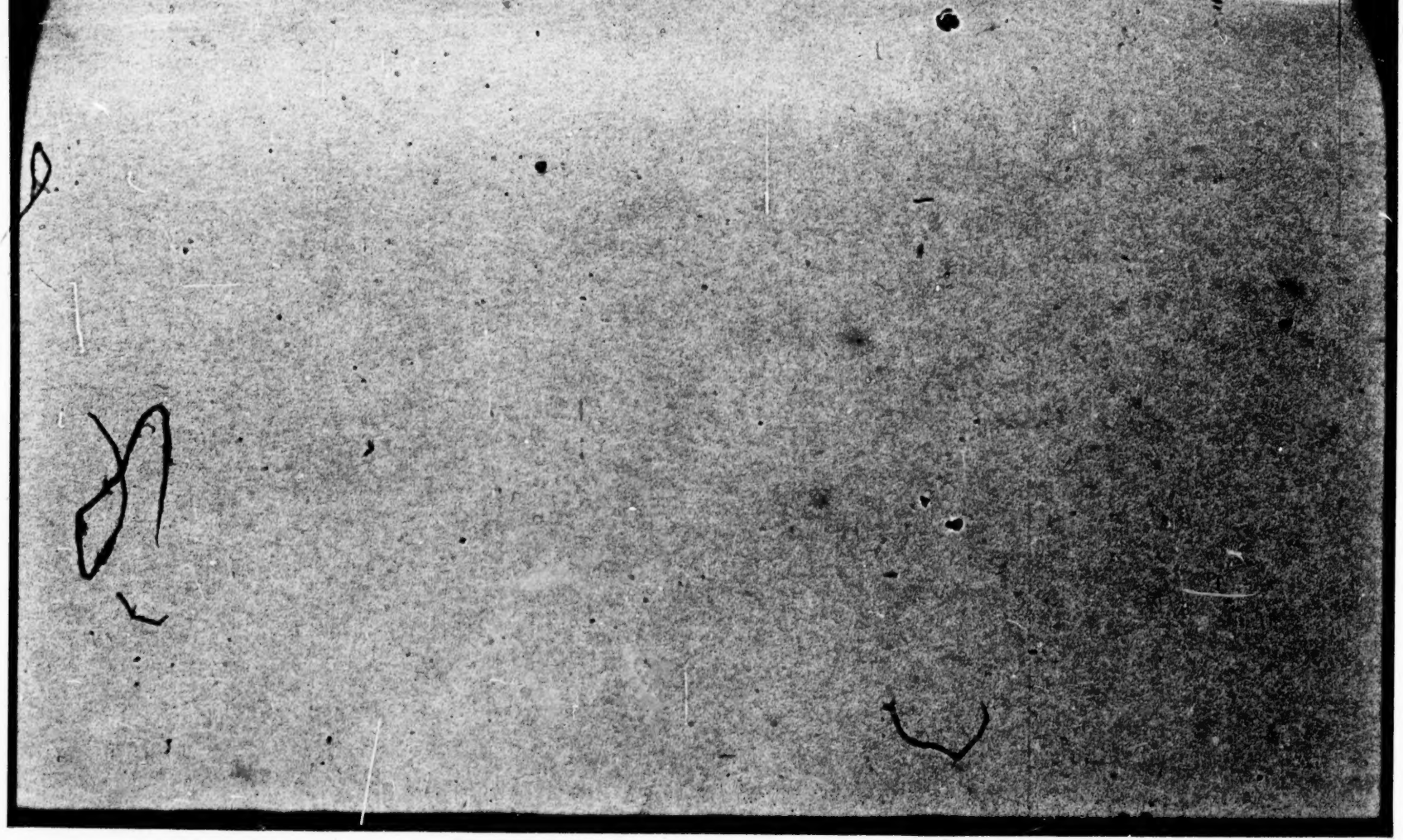

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Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY,

PETITIONER,

v.

THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

BRIEF FOR THE PETITIONER.

OPINION OF THE COURT BELOW.

The opinions in the Circuit Court of Appeals for the First Circuit are reported in *Paterson Parchment Paper Co.* v. *Story Parchment Co.*, 37 Fed. (2d) 537. The majority opinion of Judge Wilson and the dissenting opinion of Judge Anderson may be found at pages 613 and 621 of the record, respectively.

JURISDICTION.

The case is before the Court upon a writ of certiorari granted on April 14, 1930, under the authority of section 240 (*a*), Judicial Code, as amended by the Act of February 13, 1925.

Statement of the Case.

a. The Judgment to be Reviewed.

The petitioner was the plaintiff and the respondents were defendants in an action under the Anti-Trust laws of the United States in the District Court of the United States for the District of Massachusetts, in which the jury returned a verdict for the plaintiff in the sum of sixty-five thousand dollars. The verdict was, however, in form an alternative one, being for the defendant "if, as a matter of law, the plaintiff is not entitled to a verdict" (R. 13). Judgment was entered thereon for the plaintiff for threefold the damages, and costs.

On January 23, 1930, the Circuit Court of Appeals for the First Circuit ordered that the judgment of the District Court be vacated, and the case remanded with directions to enter judgment for the defendants, with costs in both Courts.

The Court of Appeals unanimously agreed that there was evidence of a conspiracy to maintain a monopoly and of concerted action to fix prices, in which the defendants participated. The majority, however, held—Judge Anderson dissenting—that the plaintiff was not entitled to recover, because the evidence failed to show that the conspiracy resulted in damage to the plaintiff to any measurable extent or degree.

b. Outline of the Main Events.

The plaintiff was a corporation organized in 1927 to manufacture and sell vegetable parchment, a paper principally used as a protective wrapper for food-stuffs. It carried on business from November, 1927, until June, 1928.

For many years prior to the organization of the plaintiff the defendants and the West Carrollton Parchment Company (not joined as a party to the suit, for lack of jurisdic-

tion) had been the only producers of vegetable parchment in this country, and had combined to restrict competition and to maintain uniform prices for their product, so that they enjoyed a practical monopoly of trade and commerce in vegetable parchment among the United States.

The entry of the plaintiff into competition in that commodity threatened to terminate that monopoly.

The defendants and West Carrollton Parchment Company thereupon conspired to maintain their monopoly, and to prevent the plaintiff from acquiring any part of the trade and commerce in vegetable parchment. Pursuant to the conspiracy and as one means of accomplishing its purpose, they initiated and carried on a price war against the plaintiff, in which, acting in concert, they simultaneously reduced their prices from time to time to figures which were not only below fair and reasonable prices, but even below cost for their product.

The conspiracy was successful, and the plaintiff was compelled, as a result of the conditions in the trade which the combination had created, to cease carrying on business.

c. The Concerted Reductions in Prices.

The reductions in prices made by the defendants and West Carrollton in combination were as follows:

1. ½ cent per pound reduction in the prices of all parchment in rolls, about December 5, 1927 (K-153, R. 161; P-328, P-130, R. 164; R. 527; R. 509; R. 539).

2. 1 cent per pound reduction in the basic price, effective on all parchment on January 2, 1928 (R. 197-200; P-11*a*, P-12, P-13, K-359, K-360, W-109).

3. 2½ per cent trade discount given to the meat packers, on February 10, 1928 (R. 541; R. 280; R. 491).

4. 5 per cent trade discount given to the meat packers, on February 29, 1928 (R. 499; R. 515; R. 526; R. 535; R. 538; P-333; R. 339; P-325, R. 337).

5. 1 cent per pound reduction in the basic price and new discounts on circles, effective on all parchment, on March 9, 1928 (W-111, R. 359; P-6 and P-8, R. 360; R. 479; R. 536; R. 542).

6. 33⅓ per cent reduction in printing prices for sizes up to and including 63 square inches, made on May 14, 1928 (R. 481; R. 534; R. 544; R. 480; P-10, R. 471; K-331, R. 472; R. 558).

d. The Damage to the Plaintiff.

In the first place, during the period in which the plaintiff was engaged in trade and made sales of its products it was compelled, in order to carry on business, to sell at the reduced prices which the combination had fixed. Its revenue was thereby diminished below the amount which it would have received for its products at fair and reasonable prices.

There was in evidence a schedule of all sales by the plaintiff to customers upon which deliveries were made after January 2, 1928, specifying as to each sale the quantity and quality of the goods, the actual price per pound or per given quantity, the discount, and the actual amount of the invoice (Exhibits S-11 and S-12, not printed, but transmitted as a part of the bill of exceptions, R. 593).

There was evidence from which the jury could determine what would have been fair and reasonable prices. Price lists effective during the two years prior to the price war were introduced (Exhibits P-424, K-354, W-106, not printed, but transmitted as part of the bill of exceptions, R. 471-472).

Cashmore, treasurer and sales manager of the defendant Paterson Company, testified with references to these prices before any reduction:

> "It did not occur to him that present prices were too high and giving him an unreasonable profit. He thought the profits were reasonable and proper and not exces-

sive. He didn't know of any increase in costs of production—or decrease. He would not want to say that a reduction of one cent would cut profits in two. It was quite a substantial reduction, and was bound to affect substantially their profits which at the time he believed were none too large. A reduction of two cents would still more seriously affect the volume of their profits . . . He didn't know when they made the second reduction whether it would entirely wipe out his profits. He knew it would reduce them to a narrow margin—narrower than he felt they ought to be in fairness to its company and its stockholders" (R. 508).

The defendants' correspondence put in evidence contained frequent admissions of the fact that their costs of production exceeded the prices at which they were selling. For instance, Kindleberger, president of the Kalamazoo Company, wrote to Moyer, manager of West Carrollton, shortly after the reduction of January 2d:

> "I don't believe we should be too hasty to meet every new price that we hear about or the first thing we know we will be all beating our way to the poorhouse. Prices on Parchment now, as I figure it, are bottom rock. It is going to mean strict economy saving every penny in order to keep our heads above water" (R. 186; R. 235).

See also R. 209, 233, 234, 246, 248, 249, 258, 341, 353, 354, 361, 362, 372, 377, 398, 399, 444, 446, 447, 482, 561.

There was detailed evidence as to the plaintiff's costs of production (R. 584-585) and as to Paterson's (Exhibits P-31 to P-50, not printed, but transmitted as part of the bill of exceptions). The correspondence forming so large a part of the bill of exceptions (R. 19-470) is replete with reports upon the market for parchment during the period of plaintiff's competition. There is direct testimony on cross-ex-

amination of the plaintiff's treasurer that the November, 1927, prices less a discount of 5 per cent were fair (R. 582).

Secondly, when the plaintiff was forced to retire from business it had on its hands a plant which it had acquired and equipped for the manufacture of vegetable parchment. Much of its equipment was of no value for any other purpose. By reason of the existence of defendants' monopoly and the general knowledge in the trade of its effect upon the plaintiff's business, the sale of the plant as a going concern became impracticable. Its value disassembled was much less. The value of the plaintiff's plant was thereby depreciated.

There was evidence of the cost of assembling the plant and equipment (R. 562-563). There was the evidence, already mentioned, of the cost of operating the plant, and of prices for its products under normal conditions and those actually created, and by reference thereto of its probable earning capacity under those different conditions. There was evidence that the quality of its product was excellent (R. 591); that those who bought it thought it so (R. 260, 274, 276-278, 288, 352); and that its parchmentizing machine was larger and more efficient than those of the other companies (R. 591-592). There was direct testimony that the value of the plant in June, 1928, under the conditions shown by the evidence, was $75,000 (R. 564), as compared with its cost of about $235,000 (R. 562-563).

In the District Court the plaintiff claimed that it had been damaged by the defendants' wrongful conduct, both in its property and in its business; in its property, in that it had been compelled to sell its product at the unreasonable prices fixed by the combination, and in that it had been prevented from making that use of its plant and equipment for which it had been designed and which as a result was depreciated in value; and in its business, in that it had been prevented from acquiring trade in parchment at fair and reasonable prices yielding a profit, as it would otherwise

have done. The District Court, however, instructed the jury that "in this case nothing should be allowed for profits on the sales which might have been made if there had been no unlawful interference with the plaintiff's business, because we have here no history of the operations of the company, no facts upon which you could base an estimate of what these profits might have been" (R. 600). The case, therefore, went to the jury solely on the two items of damage to the plaintiff's property referred to above.

e. The Grounds of the Judgment Below.

The decision of the Circuit Court of Appeals concedes that these items of damage, *i.e.*, the diminution in revenue and in the value of the plant, are recoverable, if shown to have been caused to any measurable extent or degree by wrongful conduct of the defendants. The opinion of the majority, however, is that, though the facts hereinabove summarized were shown, the plaintiff nevertheless failed in its proof.

Diminution in revenue. With reference to the plaintiff's contention that it was entitled to recover the difference between the amounts for which it sold its products and those which it would have realized at fair and reasonable prices, there being evidence that the prices current in November, 1927, were fair and reasonable, the majority say:

> "The error in the plaintiff's contention is the assumption that, but for the alleged unlawful conspiracy of the defendants with the Carrollton Company, the prices current in November, 1927, would have continued to prevail, assuming them to be fair and reasonable . . .
>
> "Individuals may in competition lawfully reduce prices below a fair and reasonable level . . .
>
> ". . . free competition between individuals to gain trade may always reduce or keep prices below what is fair and reasonable . . ." (R. 618).

". . . it is, we think, a moral certainty that, according to Nature's first law, each of the three old companies, if no combination had existed, in order to hold their trade would at least have met every reduction in price made by the plaintiff to gain trade, if they did not openly reduce their prices below the prices fixed by the plaintiff, as independently they lawfully could do. That the defendants would, independently of each other, act upon this rule of self-preservation, is not mere conjecture, but a rule of action of which the courts often take cognizance" (R. 619).

". . . the plaintiff, even if there had been no unlawful combination by the defendants, did not have a broad, open market in which to dispose of its product. Without any such unlawful interference, it would have been compelled to dispose of its product in the same restricted market,* which the old companies were already fully supplying, and to meet any prices the old companies individually saw fit to make. Nothing could be more certain than that each of the old companies would in any event use every lawful means to retain their own trade as against the new competitor; and nothing more conjectural than the result" (R. 619).

Their conclusion was that—

"The plaintiff has not, therefore, sustained the burden of proving that it has suffered any measurable damage from the reduced prices at which it was compelled to sell its product by reason of the alleged unlawful conspiracy of the defendants . . ." (R. 620).

*The Court clearly cannot have meant, by the words "restricted market," that the number of buyers in the market for parchment was limited. The wide demand for the commodity was undisputed. *E.g.*, Kindleberger, president of the defendant Kalamazoo Vegetable Parchment Company, testified: "Their customers are all over the United States and a little abroad, including the dairy industry, meat packers, ice cream manufacturers, celery washers, poultry packers, retail groceries and meat markets, preserving manufacturers, soap manufacturers and other minor industries" (R. 518).

Where the opinion refers to the "assumption" by the plaintiff that, but for the conspiracy, the prices current in November, 1927, would have continued to prevail, it is clear that the assumption intended to be described is only one that there was evidence for the jury of the facts contained therein, for the question was submitted to the jury under appropriate instructions:

> ". . . if you are satisfied that this price would have been maintained, would not have changed by reason of any economic condition, if it would have been maintained except for the unlawful acts of the defendants, if you find they did commit unlawful acts . . ." (R. 601).

Indeed, the majority manifestly thought, not only that the jury could not have found that the prices current in November, 1927, or fair and reasonable prices, would have prevailed during the period of the plaintiff's competition, but that it was "a moral certainty," "according to Nature's first law." that the defendants and West Carrollton Parchment Company, in the absence of a conspiracy, would have made substantially identical reductions in price, independently, and therefore lawfully.

Upon this view of the facts the majority of the Court conclude that the plaintiff could have suffered no measurable damage, since, *as they assume*, no damage is caused by acts pursuant to an unlawful conspiracy where the same damage would otherwise have been caused by the same acts independently and therefore lawfully done.

Depreciation in value of the plant and equipment. The opinion of the Circuit Court of Appeals concedes that there was evidence of a depreciation in value of the plaintiff's plant and equipment, and that, if that depreciation were caused by unlawful acts of the conspirators, the defendants would be liable for that damage. But the majority assert that the failure of the plaintiff's business and the subse-

quent depreciation in value of its plant was not caused by the conspirators, but was "inevitable either from lack of capital or inefficient management, or both."*

Here again the decision assumes the "moral certainty" that conditions in the trade would not have been substantially different had there been no conspiracy, and that the defendants are therefore not responsible for the actual conditions which, admittedly, they conspired to bring about for the purpose of destroying the plaintiff's competition.

Specification of Errors.

We understand that we have the right to discuss, and intend to urge, only those errors of the Circuit Court of Appeals made the basis of the petition for certiorari. We shall not here attempt to meet the argument—not accepted by any of the judges below, but repeated in the defendants' brief in opposition to the petition for certiorari, and perhaps again to be renewed—that there was no evidence of an unlawful combination by the defendants directed against the plaintiff. It seems to us indeed doubtful whether this Court has power to review the decision that there was such evidence without the allowance of a cross-writ of certiorari. While this Court may, of course, affirm the judgment of the Circuit Court of Appeals, though rejecting the reasons there offered, and for other reasons, the decision reached by both

*The majority opinion refers to certain figures in evidence, and from these concludes: "Unless its stock on hand of about $8,000, and its bills receivable largely exceeded its bills payable, other than those above mentioned, which is not a reasonable inference from the testimony, its assets in eight months of operation had shrunk more than $100,000." (R. 620). The balance sheets themselves were not in evidence, and it did not occur to the Court that cash in hand and in banks, supplies, and inventories, other than finished inventory, reserves, and prepaid expenses, would affect this calculation. Moreover, the figure of about $8000 for stock on hand was as of the last of October, 1928 (R. 577), four months after the company had ceased to manufacture and to incur any substantial expense, and the Court did not know the amount of the bills receivable. The Court could not know that they did not largely exceed the bills payable other than those mentioned, as in fact they did.

Courts below, that is, that there was evidence that the plaintiff had been wronged, is logically distinct and divisible from a decision that there was nevertheless no damage to the plaintiff. We do not believe that the Court may consider whether to reverse such a divisible part of a judgment, from which no appeal has been taken, in order to affirm the whole.

> See *Federal Trade Commission* v. *Pacific States Paper Trade Association*, 273 U.S. 52, 66.
> *Montana Mining Co.* v. *St. Louis Mining & Milling Co.*, 186 U.S. 24.

But whatever the power of the Court, we assume that, since the writ is granted only "in cases involving principles the settlement of which is of importance to the public," and not to review evidence, the Court will not review evidence merely because the respondents desire such a review, and in any event only after calling upon the petitioner to submit argument.

Accordingly we specify as the errors of the Circuit Court of Appeals intended to be urged those alleged as the reasons relied on for the allowance of the writ, namely, that—

1. The decision is that one injured by reason of a conspiracy in violation of the Anti-Trust laws cannot recover the damages caused by acts in combination pursuant to such conspiracy if such acts, without combination and in the absence of conspiracy, would have been lawful and might or would naturally have been done.

2. The decision is that, in order to measure the damages caused by acts done in combination pursuant to such a conspiracy, there must be subtracted from all the damage caused such damage as might have lawfully been caused by similar acts not in combination, in the absence of a conspiracy, and in fair competition.

3. The decision is that there can be as matter of law no causal connection between a conspiracy and acts pursuant

thereto to accomplish the plaintiff's failure, and the accomplishment of that purpose, on the ground that, in the absence of a conspiracy, by reason of similar acts lawfully done, the plaintiff would have failed.

4. The decision assumes that in the absence of a common understanding and purpose the defendants would have created conditions in trade and commerce in parchment substantially identical in effect with those which were actually caused pursuant to conspiracy—a conclusion which could not have been drawn from the evidence, which was not accepted by the jury, and which disregards the very considerations of policy which were the source of the provisions of the Anti-Trust laws against combinations.

5. The decision constitutes a reversal for error in fact.

6. The decision denies to a person injured by reason of a violation of the Anti-Trust laws the right to recover even nominal damages and its costs.

7. The decision was that judgment should be entered for the defendants below, instead of directing that a new trial should be had.

Argument.

Summary of Argument.

1. Damage may be caused by acts pursuant to an unlawful conspiracy, even though the consequences of such acts are no different from those which might or would have occurred in the absence of a conspiracy.

2. The Court below had no right to assume as a matter of judicial knowledge that, in the absence of a conspiracy, conditions in the trade would have been substantially similar to those actually created by the conspirators.

3. The evidence was sufficient to enable the jury to ascertain the amount of the plaintiff's damages with reasonable certainty.

4. The plaintiff was at least entitled to recover nominal damages and its costs.

5. The Circuit Court of Appeals had no power to order judgment for the defendants below.

Point I. Damage may be caused by acts pursuant to an unlawful conspiracy, even though the consequences of such acts are no different from those which might or would have occurred in the absence of a conspiracy.

The question which, in the opinion rendered by the majority of the Court below, is said to be decisive of this case is whether there was evidence that any damage, or any measurable damage, was caused to the plaintiff by what was done by the defendants.

It must be clear, however, that the Court regarded this question as one quite different in substance from the question whether what was done by the defendants had any effect, adverse or otherwise, upon the plaintiff. There is, and could have been, no doubt that the plaintiff was hurt by what was done.

The real question, therefore, which the Court decided was whether the plain consequences of what was done by the defendants to the plaintiff were *damage* to it.

The problem must have appeared to the Court somewhat in this form:

What damage results from acts lawful in themselves, but made unlawful because of their purpose?

The majority answered this question by saying that only such consequences to the plaintiff as would not have resulted except for the existence of the wrongful purpose are damage.

When it then occurred to them that, but for the existence of the purpose, there would have been no combination, nor the added power which a combination is supposed to have, they disposed of that suggestion by saying that they could

see that in the particular situation presented the existence of a combination made no difference; the things done would have been done anyway, in the absence of an unlawful purpose, or at least such substantially similar things would have been done as to make the difference between what was done and what would have been done (the damage, in their view) conjectural.

Now the plaintiff had claimed that the defendants and West Carrollton Parchment Company had by concerted price reductions created an artificial level of prices below fair and reasonable prices, that is, below such prices as would have been fixed by the play of varying supply and demand in the absence of manipulation, and below cost, and that it had been compelled to sell at the reduced prices; that thereby its revenue had been diminished; that by this means and by the concerted efforts of the conspirators to prevent it from acquiring any part of the trade in parchment it had been compelled to discontinue business and the value of its property had been depreciated.

Grant that,—say in effect the majority,—for there was evidence of it; but how has the plaintiff been damaged by the conspiracy? All that has happened might have happened in the absence of a conspiracy, and we can see that it would have happened.

Is the position of the Court sound or does it accord with established principles? We believe that it is clearly erroneous.

Damage is caused by overt acts, not by purpose or intention, or common purpose or conspiracy. A mere conspiracy without acts following it can damage no one. Though the public may complain in criminal proceedings, such a conspiracy affords no one a civil remedy.

But acts which cause damage may be lawful, and therefore form no basis for a recovery. Damage so caused is known as *damnum absque injuria*.

It has always been recognized that the effect of the competition of one person upon another's business may be damage, though it is *damnum absque injuria.*

Year Books, 11 H. 4, 47:

"Dammum puit estre absque injuria, come si j'ay un Molyn, et mon vicine leve un auter Molyn, peront le profite de mon Molyn est diminish, j'aver nul action vs. luy, uncor il est damage a moy."

Keeble v. *Hickeringill*, 11 Mod. 131:

Holt, C.J.: "It is true, there may be a dammum sine injuria. If a man set up the same trade as mine in the same town, this is a damage to me, but it is sine injuria; for it is lawful for him to set up the same trade if he please."

Mogul Steamship Co. v. *McGregor*, 23 Q.B.D. 598, 613:

"The acts of the defendants which are complained of here [price reductions], were intentional, and were also calculated, no doubt to do the plaintiffs damage in their trade. But in order to see whether they were wrongful we have still to discuss the question whether they were done without any just cause or excuse."

Commonwealth v. *Hunt*, 4 Metc. 111, 134:

"Suppose a baker in a small village had the exclusive custom of his neighborhood, and was making large profits by the sale of his bread. Supposing a number of those neighbors, believing the price of his bread too high, should propose to him to reduce his prices, or if he did not, that they would introduce another baker; and on his refusal, such other baker should, under their encouragement, set up a rival establishment, and sell

his bread at lower prices; the effect would be to diminish the profit of the former baker, and to the same extent to impoverish him. And it might be said and proved, that the purpose of the associates was to diminish his profits, and thus impoverish him, though the ultimate and laudable object of the combination was to reduce the cost of bread to themselves and their neighbors. The same thing may be said of all competition in every branch of trade and industry; and yet it is through that competition, that the best interests of trade and industry are promoted. It is scarcely necessary to allude to the familiar instances of opposition lines of conveyance, rival hotels, and the thousand other instances, where each strives to gain custom to himself, by ingenious improvements, by increased industry, and by all the means by which he may lessen the price of commodities, and thereby diminish the profits of others.

"We think, therefore, that associations may be entered into, the object of which is to adopt measures that have a tendency to impoverish another, that is, to diminish his gains and profits, and yet so far from being criminal or unlawful, the object may be highly meritorious and public spirited. The legality of such an association will therefore depend upon the means to be used for its accomplishment."

Vegelahn v. *Guntner*, 167 Mass. 92, 106:

". . . it has been the law for centuries that a man may set up a business in a country town too small to support more than one, although he expects and intends thereby to ruin some one already there, and succeeds in his intent. In such a case he is not held to act 'unlawfully and without justifiable cause,' as was alleged in *Walker* v. *Cronin* and *Rice* v. *Albee*. The reason, of course, is that the doctrine generally has been accepted that free competition is worth more to society

than it costs, and that on this ground the infliction of the damage is privileged."

Indeed, at common law it was lawful for persons to combine or conspire to restrain the competition of another, and thereby to cause him damage.

Mogul Steamship Co. v. *McGregor, supra.*
Vegelahn v. *Guntner, supra.*

But Congress by the Sherman Act made every combination or conspiracy in restraint of trade or commerce among the several states illegal. Any acts pursuant to such a combination or conspiracy became themselves unlawful by force of the statute, no matter how innocent they might be when done by one.

Swift & Co. v. *United States,* 196 U.S. 375, 396:

"It is suggested that the several acts charged are lawful and that intent can make no difference. But they are bound together as the parts of a single plan. The plan may make the parts unlawful."

Aikens v. *Wisconsin,* 195 U.S. 194, 206:

"The most innocent and constitutionally protected of acts or omissions may be made a step in a criminal plot, and if it is a step in a plot, neither its innocence nor the Constitution is sufficient to prevent the punishment of the plot by law;" quoted in—

Loewe v. *Lawlor,* 208 U.S. 274, 299.

When, by statute, acts otherwise lawful are made unlawful because done pursuant to a prohibited conspiracy, no change in the actual consequences of the acts is produced. The acts still cause the same results, the same damage. What the statute does is to remove the privilege under

which they were formerly shielded. It should follow that what was *damnum absque injuria* is now recoverable damage.

The decision of the Circuit Court of Appeals leads to this curious construction of the statute, that that which at common law caused only *damnum absque injuria* becomes, when prohibited by statute, *injuria sine damno.*

Of course it is not claimed that all losses suffered by the plaintiff are damage recoverable from the defendants. They are undoubtedly not responsible for conditions created by the plaintiff itself or by others. Nor should they be responsible for the consequences of their acts, otherwise lawful, and not within the scope of the conspiracy and pursuant to it.

It is perceived that the entry of the plaintiff into competition with the established companies might have disturbed the existing equilibrium of supply and demand. If the introduction of its production to the market had the effect of reducing prices below fair and reasonable prices, or below a price at which it could sell at a reasonable profit, it would itself be the cause of any damage suffered and not the defendant. In fact, however, it is obvious that the plaintiff's production could have had little effect upon the market when its total production from November, 1927, to October, 1928, 1,733,682 pounds (R. 577), is compared with the total gross production of the other three companies, 38,000,000 pounds (R. 566, 473, 518, 538).

In any event, it was for the jury, having before it evidence of the prices for parchment prevailing over a number of years, of costs of production, of the quantities produced and sold, of the nature and extent of the demand for the product, and the statements of witnesses as to their opinion of what was a fair price, to determine what would be a fair price for the product under natural conditions, and to what extent the acts of the defendants pursuant to the conspiracy had reduced the actual price below a fair price. It was no

more difficult for them to do so in this case than in those cases where a combination has increased the market price above a "fair price . . . under natural conditions," and a purchaser at that price has been allowed to recover the overcharge.

Chattanooga Foundry & Pipe Works v. *Atlanta*, 203 U.S. 390, 396.

Thomsen v. *Cayser*, 243 U.S. 66, 68.

Straus v. *Victor Talking Machine Co.*, 297 Fed. 791, 803.

It was for the jury as well to determine whether the conditions existing in the trade which indisputably resulted in the failure of the plaintiff's business and the subsequent depreciation of its plant were "natural conditions," or were conditions intentionally created by the defendants and West Carrollton Parchment Company in order to destroy the plaintiff. Nor were they bound to assume, as the majority of the Court of Appeals did, that, if it were certain that in the absence of a conspiracy similar conditions would have prevailed, the actual conditions were "natural conditions," for which the defendants would be in no wise responsible. It cannot be a defense that conditions causing damage to the plaintiff might have been created under the cloak of the privilege of fair competition, if in fact they were not.

Point II. The Court below had no right to assume as a matter of judicial knowledge that, in the absence of a conspiracy, conditions in the trade would have been substantially similar to those actually created by the conspirators.

We have, under the heading next preceding the above, dealt with the case upon the assumption which we believe that the majority of the Court below made, that in the absence of a conspiracy conditions in the trade would have

been substantially similar to those actually created by the conspirators—and pointed out our reasons for believing that, were it justified, it fails to support the decision.

We ought to point out that the opinion does not state the assumption quite as shortly and plainly as we have done; it is cast in a negative rather than a positive form. The opinion states (R. 619):

> ". . . there is no ground on which it can be reasonably inferred that . . . any prices above those actually received, would have prevailed. On the contrary, it is, we think, a moral certainty, that, according to Nature's first law, each of the three old companies, if no combination had existed, in order to hold their trade would at least have met every reduction in price made by the plaintiff to gain trade if they did not openly reduce their prices below the prices fixed by the plaintiff, as independently they lawfully could do. That the defendants would, independently of each other, act upon this rule of self preservation, is not mere conjecture, but a rule of action of which the courts often take cognizance."

In a few words, the position of the majority was that there was no evidence that anything that happened would not have happened anyway.

We think, however, that the jury were justified in believing that, but for the combination, conditions in the trade would have been quite different. It is natural that each company in business should endeavor to obtain as large a share of the trade as possible at a fair price yielding a reasonable profit. It is not to be expected, on the other hand, that a company will manufacture goods to sell them at a loss. It does not seem to us proper even to guess, much less to assume, as the majority of the Court below do, that each company, acting independently, would have been so

moved by a desire to eradicate the competition of the new company as to precipitate a price war in which prices would be reduced below cost, or even to a point where no profit could be made. It is to be remembered that the jury were clearly warranted in finding that the reductions in prices actually made by the defendants were below their cost. See the statements in their correspondence (*e.g.*, R. 482, 235, 233, 234, 246, 248, 249, 258, 341, 398, 399, 372, 209, 361, 362, 377, 353, 354, 444, 446, 447).

The jury might well have considered that, had the established companies been acting independently, there was no more reason for each to engage in cut-throat competition with the plaintiff than with any of the others, and that, since no disposition to do so had been manifested prior to the plaintiff's entry into the field, the fact that a new company had undertaken to compete on a comparatively small scale furnished no occasion for a change in policy by each.

Moreover, the opinion fails to recognize the truth, so generally acknowledged, that there is in a combination a power of coercion which does not exist in the individual members thereof.

> *Pickett* v. *Walsh*, 192 Mass. 572, 582.
> *Martell* v. *White*, 185 Mass. 255, 259, 260.
> *Mogul Steamship Co.* v. *McGregor, supra*, 616.

It may be suggested that the fact that there was a combination against the plaintiff shows that the defendants, in this very case, recognized that they might thereby gain a power which they lacked standing alone. What inner necessity compelled them, otherwise, to meet and to agree that their reductions in price should be concerted?

The Anti-Trust laws themselves show that Congress perceived that there was a danger in combinations which did not exist where competitors acted independently. We do not believe that a Court has the right to deny effect to the stat-

ute by saying that in a particular case Congress was mistaken and that what the combination did in the case before it was nothing more than would have been done without understanding or preconcerted plan; certainly a Court should not do so without evidence and merely as a matter of judicial knowledge.

Nor does the fact that the established companies might, conceivably at least, have done independently what they did in concert make the plaintiff's damages conjectural. Damages do not become conjectural because it may be conjectured that they might have been caused in some other and lawful way.

For an able criticism of the conclusion of the majority on this point we refer to the dissenting opinion of Judge Anderson. We quote from it the following:

> "The conclusion is (to repeat) that, without the defendants' conspiracy to put the plaintiff out of business, it would have died anyway. The logic is, in that regard, hardly distinguishable from setting up the mortality of all human beings as a defense to an indictment for manslaughter or murder. The undeniable facts are that the defendants conspired to kill the plaintiff and the plaintiff died. The majority opinion is to the effect that the conspiracy was unnecessary; that the plaintiff would have died anyway. I do not assent to such reasoning or its results" (R. 626).

Point III. The evidence was sufficient to enable the jury to ascertain the amount of the plaintiff's damages with reasonable certainty.

The misconception entertained below, that is, the view that the damages caused by an unlawful conspiracy are only those consequences which could not have resulted had the several conspirators acted independently, appeared nat-

urally to absolve the Court from the necessity of considering in any detail the evidence as to the extent of the total consequences of the defendants' unlawful acts.

It is clear that the total consequences of those acts (in our view, the damages) were shown by the evidence with sufficient certainty to enable the jury to measure the compensation to be made therefor.

Of course, "it is sufficient if a reasonable basis of computation is afforded, although the result be only approximate . . . Furthermore, a defendant whose wrongful conduct has rendered difficult the ascertainment of the precise damages suffered by the plaintiff, is not entitled to complain that they cannot be measured with the same exactness and precision as would otherwise be possible."

> *Eastman Kodak Co.* v. *Southern Photo Materials Co.*, 273 U.S. 359, 379.

We have already pointed out that the plaintiff was compelled to sell its product at reduced prices, and that it was for the jury to determine whether those prices were below "the market or fair price . . . under natural conditions had the combination been out of the way" (*Chattanooga Foundry* v. *Atlanta, supra*).

The jury were appraised of all sales by the plaintiff at the reduced prices, having before them a schedule furnishing full information as to all such sales (Exhibits S-11 and S-12, not printed, but transmitted as part of the bill of exceptions, R. 593). They were, of course, not bound to find that they were at less than fair prices, or that the November, 1927, prices were fair prices. But having determined what was a fair price, they could determine precisely how much less the plaintiff actually received, and in what amount the plaintiff's revenue was diminished.

If November, 1927, prices were accepted as the fair prices, a computation of the loss to the plaintiff might be made directly from a reference to the price lists in evidence. All

the prices in the price lists were ratably proportioned to the basic prices. If another basic price than that of November, 1927, were taken as the fair price, a calculation might, therefore, be made, based upon the price lists, but reduced or increased ratably as the basic price had been modified.

The defendants, however, may suggest that there is doubt whether, had there been no combination, the plaintiff could have made the same sales which it made at the reduced prices, and that there is therefore an element of speculation which should not have been left to the jury.

The suggestion results from a failure to comprehend the concept of a "fair and reasonable price." Of course, the plaintiff cannot prove, in the very nature of things, that, at "fair and reasonable prices," it would have made the identical sales which it made at the reduced prices. But "fair and reasonable prices" are by definition prices at which a seller willing to sell can dispose of his goods on the market. If the plaintiff could have disposed of its product at fair and reasonable prices but for the defendants' wrongful acts, it makes no difference in its damages that the sales might have been to other persons in other quantities than those actually made.

The truth is that, if there was any element of speculation left to the jury, it was because the question what would have been "the market or fair price . . . under natural conditions had the combination been out of the way," and which was left to them, is one which must always contain some elements of uncertainty and upon which experts might well disagree. But that question, it is settled, was for the jury, and is only one of a great many of that class which are habitually decided by juries.

Straus v. *Victor Talking Machine Co., supra,* 802:

> "The constant tendency of the courts is to find some ways in which damages can be awarded where a wrong

has been done. Difficulty of ascertainment is no longer confused with the right of recovery."

Linen Thread Co. v. *Shaw*, 9 Fed. (2d) 17, 19:

"The rule that damages, if uncertain, cannot be recovered, applies to their nature, and not to their extent. If the damage is certain, the fact that its extent is uncertain does not prevent a recovery."

Moreover, the sales actually made by the plaintiff, while not conclusive, were, of course, some evidence as to the amount of sales which it might have made under normal conditions. Evidence of sales made in prior years is constantly received by the Courts to show what sales might have been made in later years. It is assumed that conditions in later years might change. The evidence is nevertheless received, though the weight to be given it may depend upon the similarity of conditions in the years to be compared. Such evidence was held to be competent and material in *Eastman Kodak Co.* v. *Southern Photo Materials Co., supra.* In this case evidence of sales in the same year under adverse conditions is certainly competent to show that under more favorable conditions sales to at least that extent might have been made.

Again it was clear that the unlawful activities of the defendants had caused a depreciation in value of the plaintiff's plant and equipment.

Such "going value" as the plant and equipment had was obviously destroyed. "Going value" may, of course, be one element of damages.

Des Moines Gas Co. v. *Des Moines*, 238 U.S. 153, 165:

"That there is an element of value in an assembled and established plant, doing business and earning

money, over one not thus advanced, is self evident. This element of value is a property right, . . . ;" quoted in—

McCardle v. *Indianapolis Water Co.*, 272 U.S. 400, 414.

But loss of "going value" does not fully measure the depreciation in value to the plaintiff's plant caused by the defendants' acts.

The existence of the combination by the defendants and West Carrollton and the activities which it directed against the plaintiff might have been found to have deprived the plaintiff of that use of its plant for which it was designed and for which its equipment might most effectively be employed. The history of those activities and their consequences to the plaintiff would practically discourage others from attempting to make the same use. What had occurred to the plaintiff was forceful though constructive notice to any persons who might be interested in purchasing the plaintiff's plant and equipment, even though not operating or disassembled, that they could not be used to manufacture parchment.

We take, as an example, the effect of the existence and activities of the combination upon the parchmentizing machine owned by the plaintiff. The machine cost the plaintiff $78,800. It was installed at an approximate cost of $20,000 (R. 563). Whether or not its cost represented its fair market value, its assembly in a plant with other equipment designed for the purpose of manufacturing parchment may have added an element of "going" value to the plant. Now, if the wrongful acts of the defendants have not only closed the plant, but made it impracticable to attempt to use that parchmentizing machine in any other plant, what value has the machine? Obviously, unless it can be used in parchmentizing, its value is purely that of junk.

There was evidence from which the jury might estimate the amount of the depreciation in value of the plaintiff's plant resulting from the defendants' acts.

There was evidence of the actual cost of the plant in 1927. This was some evidence of its value under the conditions then existing.

McCardle v. *Indianapolis Water Co., supra.*

Standard Oil Co. v. *Southern Pacific Co.*, 268 U.S. 146, 156:

"And by numerous decisions of this court, it is firmly established that the cost of reproduction as of the date of valuation constitutes evidence properly to be considered in the ascertainment of value."

The total cost of the land, buildings, and equipment was approximately $235,000. This was divided as follows (R. 562-563):

Land	$23,000
Building	37,000
Parchmentizing machine	78,800
Installation	20,000
Other machinery and equipment	75,000
	$233,800

There was evidence tending to show the costs of operation of the plant, and, therefore, by reference to the fair market price of its products under normal conditions with the combination out of the way, the reasonable probability of making profits under those conditions. The probable earning capacity of the plant is one of the factors for the basis of a judgment as to value.

Minnesota Rate Cases, 230 U.S. 352, 434.

"The ascertainment of that value is not controlled by artificial rules. It is not a matter of formulas, but there must be a reasonable judgment, having its basis in a proper consideration of all relevant facts. The

scope of the inquiry was thus broadly described in *Smyth* v. *Ames* [169 U.S. pp. 546, 547]: 'In order to ascertain that value, the original cost of construction, the amount expended in permanent improvements, the amount and market value of its bonds and stock, the present, as compared with the original, cost of construction, *the probable earning capacity of the property under particular rates* prescribed by statute, and *the sum required to meet operating expenses*, are all matters for consideration, and are to be given such weight as may be just and right in each case. We do not say that there may not be other matters to be regarded in estimating the value of the property.' "

While this was said in a case in which the question was the fair value of certain property for rate purposes, of course the method described is applicable to any other case where it is sought to determine the value of property not having any readily ascertainable market value.

The jury were therefore clearly entitled to consider the evidence of the earning capacity of the plant in determining its value under normal conditions, and of the diminution in its earning capacity in determining how much the value had been depreciated.

Monongahela Navigation Co. v. *United States*, 148 U.S. 312, 328:

"The value of property, generally speaking, is determined by its productiveness—the profits which its use brings to the owner . . . The value, therefore, is not determined by the mere cost of construction, but more by what the completed structure brings in the way of earnings to the owner."

In March, 1928, Story's cost of production, including conversion, finishing, selling, and administrative expense, was 14.2 cents per pound (R. 564).

The costs for that month in dollars were:

Conversion costs	
Waterleaf	$24,373.63
Acid	2,358.44
Bleach	91.04
Direct Labor	1,313.63
Supervision	350.00
Power	1,034.45
Water	180.00
Machinery Repair Parts	47.09
Repairs and Maintenance	260.41
General works	643.41
Total	$30,652.10
Finishing Costs	
Materials	$1,040.86
Direct labor	1,685.09
Supervision	245.00
Box shop expense	115.08
Power	297.83
Repairs & maintenance	231.21
General works	211.59
	$3,808.66
Selling Expense	$2,630.85
Administrative Expense	$1,220.79

(R. 584-585.)

In March the mill was running at about one-half production (R. 559). At capacity, that is, if production had been doubled, the costs of production per pound of parchment would have been reduced. The overhead expense, of course, would not have been doubled. "In labor there would be a tremendous saving in percentage as production increased.

There would be a slight saving in acid and chemicals as you increase production. It would be a fair amount, about ten per cent, if the production was doubled. Water would show a saving likewise . . . about ten per cent . . . doubling production might increase the amount of repairs and maintenance, but there would be a saving in percentage, that is, that would not be doubled'' (R. 584).

The plaintiff's parchmentizing machine was larger and more efficient than those of the defendants and West Carrollton. ''There was no machine of this size at Kalamazoo. They [the plaintiff] had the machine up to a speed of 360 feet; the product turned out at high speed was excellent. The machine was 120 inches wide that made paper 110 inches wide. The highest speed of any machine which he [the witness, Ezra Levin] had seen before this machine was 125 feet per minute. The widest roll that he had seen before on any machine was 92 inches, that is, it would produce paper 92 inches wide. This machine made it possible to run paper with the same number of men in a larger quantity. Secondly, the effect was a uniformity in the product. That reduced the cost of production'' (R. 591-592).

There was a reasonable probability that the plaintiff could sell its product at fair prices. The product was excellent, and those who bought it thought so (K-71, R. 276, 278).

It is obvious that, if parchment could be produced at an average cost of 14.2 cents per pound or less and sold at basic prices of 16 and 16½ cents, the prices prevailing in November, 1927, profits could be made, even though a selling commission or discount of 5 per cent were given to jobbers. If 1927 prices were fair and reasonable market prices for parchment, there was therefore a reasonable probability that the plaintiff would make profits within a reasonable time when the plant was first assembled and put into operation.

A reduction of two cents in the basic prices of parchment would, of course, reduce its earnings; that reduction, at half

production, 250,000 pounds a month, would amount to $5000 for the same period; at capacity, to twice that amount.

Goldmann, the treasurer and general manager of the plaintiff company, estimated the value of the plant in June, 1928, having in mind the conditions shown by the evidence, as $75,000 (R. 564).

This estimate, together with all the other evidence of the plaintiff's history, of its preparations for competition, of the operation of its plant, and its attempts to sell its product, and of the acts of the defendants, form a basis for the judgment which the jury were called upon to make.

If there must be difficulty in such a judgment, yet mere difficulty in ascertaining the amount of damages will not, as we have already pointed out, bar a recovery. If there is difficulty, it is not greater than exists in many other cases.

William H. Rankin v. *Associated Bill Posters*, 42 Fed. (2d) 152, 155 (C.C.A. 2):

> "The fact that this amount of the plaintiff's damages could not be expressed in exact figures did not make them speculative. There was no speculation as to the fact of actual damage. Its business had been seriously curtailed. The defendants had caused the damage, and cannot be permitted to escape liability because it is difficult for the plaintiff to express in terms of dollars the damages it has suffered. This evidence, while purely an estimate and introduced as such, was proof of a kind as definite and certain as the subject-matter admitted."

Pennsylvania Sugar Refining Co. v. *American Sugar Co.*, 166 Fed. 254, 260 (C.C.A. 2):

> "But the defendants further urge that the complaint merely shows a naked intention to engage in interstate commerce, and that legal damages cannot be predicated upon the prevention of the carrying out of any such intention. We cannot so regard the allegations of the

complaint. It is averred that the plaintiff had been engaged in interstate commerce, had temporarily ceased to do business, had built a new refinery at great expense, and was prepared and intended to resume business as before. Something more than a mere mental intention to engage in interstate commerce is involved when a corporation spends millions of dollars in building a sugar refinery which is only of use when operated and which can only be operated by engaging in interstate commerce. *The amount of money lost in the enterprise cannot be regarded as wholly speculative and problematical.*" (Italics ours.)

Barrett Co. v. *Panther Rubber Mfg. Co.*, 24 Fed. (2d) 329, 337 (C.C.A. 1):

"It becomes evident that there was a substantial degree of good will. It appears that, as the result of defendant's action, the plaintiff put out to the trade about three-quarters of a million dollars worth of heels which proved unmerchantable. These heels were largely scattered in the trade, to the lasting detriment of the reputation of plaintiff's product. It is not necessary that damages of this kind, in order to be recoverable, shall be capable of calculation with mathematical accuracy; these elements may be determined by approximation."

Hyer v. *Richmond Traction Co.*, 168 U.S. 471, 483:

"The enterprise, he says, is a new one; it is difficult to put a fair pecuniary value on the stock or on the franchise. It is one of those things contingent largely on the successful working of the railway. It must be conceded that there is force in the contention that only by letting the plaintiff into the possession of the inter-

> est he claims can adequate compensation be secured. At the same time the present value of the franchise and therefore of the stock of the corporation owning the franchise is not wholly beyond estimate. That which it may have three or four years hence may depend largely upon the matter of management. But it is a franchise which has definite possibilities. The miles of track covered by it, the population adjacent to the line, and, therefore, the number of people likely to avail themselves of its advantages, the cost of construction and of operation, are all well-known facts, and upon such known facts it is not impossible for a jury to form a fair estimate of the value of the franchise, and, therefore, of the damage which the plaintiff has sustained by the repudiation of the contract to give him a half interest in it."

Point IV. The plaintiff was at least entitled to recover nominal damages and its costs.

It may be granted that the gist of an action at law under the Anti-Trust laws is damage, and that a plaintiff may not have a verdict unless he shows damage. In other words, an individual may not maintain an action for a public injury; in order to establish a private injury he must prove that the conduct forbidden by the statute has damaged him.

Even the opinion of the majority of the Court below, however, recognized that the evidence showed some damage to the plaintiff. It must be clear indeed, on any view of the case, that the carrying on of a price war against the plaintiff was bound to result in some damage to it.

The ground of the Court's decision below is that there was—

> "A lack of proof that by reason of the alleged unlawful acts of the defendants it has suffered damages through what is termed 'loss of profits', which can be

> measured and expressed in figures that are not based on speculation and conjecture . . ."

Surely, if unlawful acts of the defendants caused some damage to the plaintiff, though in an amount not ascertained, it must be held that the plaintiff was thereby injured.

And it is certainly the general rule, where it appears that the plaintiff has been injured and actual damage has been sustained, but the evidence fails to show with sufficient certainty its amount, that the plaintiff is yet entitled to recover nominal damages.

> *United States* v. *Mock*, 149 U.S. 273.
> 17 Corpus Juris, 725, and cases cited.

It is submitted that the rule is applicable to an action at law under the Anti-Trust laws. Where one has been injured, he should have judgment even if, by reason of the nature of the injury, he is unable to prove and recover substantial damages.

It may be attempted to support the contrary view by citing *Keogh* v. *Chicago & N.W. R. Co.*, 260 U.S. 156. One sentence in the opinion in that case is as follows:

> "Under §7 of the Anti-Trust Act . . . recovery cannot be had unless it is shown that, as a result of defendants' acts, damages in some amount susceptible of expression in figures resulted."

We are not ready to believe, however, that that sentence was intended as a decision that nominal damages could not be recovered in an action under the Anti-Trust laws where some damage was shown, but its amount was left uncertain. The question was not then before the Court. The balance of the opinion shows clearly that what the Court decided was that there was no evidence of damage to the plaintiff, nor that its amount was indefinite; it concludes:

"Under these circumstances no court or jury could say that, if the rate had been lower, Keogh would have enjoyed the difference between the rates, or that any other advantage would have accrued to him."

It should be noted that a judgment for nominal damages may be of special importance to a plaintiff in an action under the Anti-Trust laws, since it would carry costs, which include a reasonable attorney's fee.

Point V. The Circuit Court of Appeals had no power to order judgment for the defendants below.

Of course the Court below had no power to order a judgment for the defendants unless by reason of the fact that the jury rendered an alternative verdict and consented that, if as a matter of law the plaintiff was not entitled to a verdict, a verdict might be entered for the defendants (R. 13, 605).

Slocum v. *New York Life Insurance Co.*, 228 U.S. 364.

Whether a jury may be required to return an alternative verdict, in the form in which it was done in this case, in view of the Seventh Amendment, has never been passed upon by this Court, although in *Northern Railway Co.* v. *Page*, 274 U.S. 65, the practice was assumed without discussion to be valid.

The practice has been adopted in the District of Massachusetts, under the Conformity Act, from the practice in the state Courts of Massachusetts under a state statute (Massachusetts General Laws, c. 231, sec. 120).

Automatic Pencil Sharpener Co. v. *Boston Pencil Pointer Co.*, 279 Fed. 40.

The practice was unknown at common law at the time of the adoption of the Federal Constitution. In the exhaustive

review of the modes and forms of trial by jury in *Slocum* v. *New York Life Insurance Co., supra,* no reference was made to any such practice. As that case decided that the Seventh Amendment safeguarded the right to trial by jury as it existed at the time of the Constitution and that final judgment could not be ordered on reversal by the reviewing Court under a state statute where it was decided that there was no evidence for a jury, the practice seems clearly to conflict with the constitutional guaranty.

In any event, the Circuit Court of Appeals had power under the terms of the verdict only to order that the verdict now be entered for the defendants. It did not have power to order judgment and thereby deprive the plaintiff of the right to move for a new trial or to prosecute its exceptions, and, if it should obtain a new trial, to supply other evidence of its damages.

Conclusion.

In a comment on the decision of the Circuit Court of Appeals in 39 Yale Law Journal it is said, at page 1040:

> "The effect of such a holding is to make the damage clause of the Anti-Trust Acts available as a remedy only to well established concerns, and not to new-comers in a particular field. Yet the act was designed to protect the one as well as the other."

The criticism made is obviously justified.

The District Court denied a recovery for loss of profits which would have been made on the ground that there can be as matter of law no reasonable certainty of profits in a new business, and restricted recovery to the effect of the conspiracy upon the plaintiff's property, that is, its product and its plant.

The Circuit Court of Appeals denied even this limited recovery on the ground that the conspiracy had no measur-

able effect upon the value of plaintiff's property, since it was a "moral certainty" that the established firms in the absence of a conspiracy would have done to a newcomer what was in fact done.

It is the law, if these decisions are correct, not only that there can be no reasonable certainty that a new business will make profits, but that it is a reasonable certainty that such an enterprise will fail.

Fortunately this doctrine of despair, if it be law, is not yet received as a practical guide in the world of affairs. It was not accepted by the jury nor by any of the persons involved in this litigation. The plaintiff's stockholders would not have invested their money in the enterprise had not their study of the situation convinced them that it had some value. The conspirators would have seen no occasion for concerted action against the plaintiff if they had believed that its business could not succeed in normal competition.

We submit with confidence that it is not a doctrine of this Court.

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Supreme Court of the United States.

October Term, 1930.

No. 57.

Story Parchment Company,
Petitioner,

v.

The Paterson Parchment Paper Company
and
Kalamazoo Vegetable Parchment Company.

REPLY BRIEF FOR THE PETITIONER.

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Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY,
PETITIONER,
v.
THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

REPLY BRIEF FOR THE PETITIONER.

Introductory.

The defendants' brief seeks to sustain the result reached by the majority of the Circuit Court of Appeals, without attempting to support the principle upon which it is based.

That principle is that harm resulting from concerted acts in violation of the Anti-Trust laws does not constitute legal damage if similar acts, unconcerted, would have produced the same results. The fallacy of this principle we have pointed out in our original brief, point I, 13-19. That argument, as well as the argument of the dissenting opinion, the defendants' brief does not attempt to answer.

Three-fourths of the brief is devoted to the argument that "there is no evidence that the defendants' acts were a combination to monopolize or to restrain trade" (Resp. Br. 10-45). On this issue all the judges of both lower courts

agreed that there was sufficient evidence of a conspiracy so to fix prices as to injure and destroy the plaintiff's business. We understand the rule to be well settled that this Court will not enter into an analysis of the evidence which both courts below have concurred in finding sufficient.

Boehmer v. *Pennsylvania R.R. Co.*, 252 U.S. 496.

On the question of damage the defendants argue that the plaintiff failed to show that there was any relation of cause and effect between their acts and the plaintiff's losses. The gist of their argument is that it cannot be known whether there was any such causal relation, since the evidence fails to disclose what would have occurred under other conditions which did not in fact exist.

But, of course, it is not necessary to exclude the possibility of the same result under all hypothetical conditions in order to prove the existence of cause and effect. The direct consequences of an act may be observed even though it is never known what might have happened but for the act. The consequences of a price war to those persons against whom it is directed are, we believe, sufficiently plain and direct and well known so that they may be recognized.

It is to be observed that the defendants in their brief choose not to rest upon the Appellate Court's assumption (or finding) that the plaintiff could not have succeeded as in any way controlling. In their brief they concede that "This is emphasis only . . . to the total absence of any evidence to the contrary," reverting to the argument that "the controlling fact is the absence of any evidence to support the plaintiff's contention" (Resp. Br. 4).

However, what might have happened under different circumstances is necessarily an inference to be drawn from what actually happened under existing circumstances. Of these actual existing circumstances the plaintiff put in plenary evidence—a broad picture of the industry as a whole, the position held by the plaintiff and the conspirators in it,

the entire history of the plaintiff's and the conspirators' operations during the period in question, the plaintiff's investment, equipment, personnel, customers, sales, costs, and expenses, and an account of all that happened in the course of the competition between the plaintiff and the conspirators. Our original brief contains a discussion of the evidence upon these points (19-33).

This reply brief deals, therefore, not with an attack upon the reasoning of our original brief, for none is made, but with points raised by the defendants in their brief as to the inferences which the jury were entitled to draw upon the evidence.

I.

The jury were entitled to draw the inference that the plaintiff would have succeeded unless attacked by the defendants' combined action.

We have pointed out in our original brief evidence sufficient, as we believe, to justify the jury in their opinion that the plaintiff would have succeeded but for the conspiracy (Point III, 22-33).

In the actual situation that existed at the time, the defendants and the West Carrollton Company themselves believed that the plaintiff would succeed unless attacked by their combined action—otherwise they would not have found it necessary to combine to defeat the plaintiff. If these companies, which obviously knew the business better than any one else, inferred this from the circumstances, and based their course of action upon that inference, surely the jury were not unreasonable in drawing that same inference.

The Paterson, Kalamazoo, and West Carrollton companies, knowing the parchment paper business, were at least as well qualified as the court below to gauge the strength and prospects of the Story Company.

As soon as they heard of the Story project, their agents, having done "considerable gum shoeing" (R. 93), sent in full data to their managers about the organization, personnel, capital, equipment, and plans of the Story Company (R. 101, 105, 106, 113, 115, 116, 117, 119, 127, 132, 134). On November 7, 1927, one sales agent wrote to his manager (R. 115-116):

> "The Institute and also other large buyers have been looking for a long time for some mill to start that is outside of the big three and it is going to be different from the Imported proposition—they, that is the big buyers and the Institute if this mill once gets going are going to give it enough biz to keep it alive—as they need it—for competition. . . . We ought to go after this bunch right now and keep them away from the Institute—your big biz with Morrell, St. Louis Packers etc. is liable to be jeopardized. . . . But I think we ought to beat them to it—if we did not have this Institute bug-a-boo I would not think so—but with Institute to figure in on the deal—I believe it makes a serious situation."

A month later he advised that, if Story can "make good" on price and quality, the situation could change overnight (R. 193). At a later date the representative of another company wrote to his principal, commenting on the large volume of Armour and Swift business acquired by Story (R. 380):

> "I have been expecting right along both Swift and Armour would give Story some business for that would be in line with the policy of these packers to keep competition alive."

Another letter reports that the president of the Institute of American Meat Packers, "feeling that Story competition should be encouraged," gave instructions to his buyers to give their business to Story (R. 410).

The correspondence between the conspiring companies and within their respective organizations amply demonstrates their serious concern over the progress of plaintiff and their persistent belief in the necessity of drastic, combined action to bring about its failure.

In less than two months we find the defendants acknowledging that Story is producing a very good product (R. 260, 274, 276). The Paterson and Kalamazoo companies had to improve the quality of their product because of the superior imperviousness to grease of the Story product (R. 265, 266, 337, 341).

The old companies recognized that the Chicago sales agent selected by Story was "the best man they could have picked to introduce their sheet into the Yards" and that he would be "quite a competitor if Story's sheet ever does develop into a good quality sheet" (R. 174); that he had "an entree that will be valuable to Story" (R. 191). It was acknowledged that his representation of Story would cause the defendants "much unpleasantness in the yards," and that they might "have to do something to offset it before long" (R. 193-194).

Paterson's sales manager reported that Story would furnish "stiff competition" (R. 223). Kalamazoo's sales agent was "nervous" and "worried" over the situation, fearing "disastrous results" (R. 231, 287). Kalamazoo said it was "a dead sure cinch" that Story "would get some business no matter what the prices are" (R. 246); Paterson stated that conditions were "disturbing" (R. 260); and West Carrollton said that Story was "entrenched" and that "We better get our armor on and go to battle" (R. 271). The representative of one of the companies complained that Story was "making a very strong drive thru the Institute of Meat Packers for the business of the different packers who belong to this organization, and I believe that it covers practically every packer of importance" (R. 285). In another letter we find the statement that Story was receiving "the cream"

of the Armour business (R. 420); that the "situation is getting serious," and the recommendation "that we have reached the point where *we ought to reduce the price to a point where Story will have to quit—otherwise they will get too good a foothold*—with these large accounts where the major portion of the tonnage is" (R. 421). The sales manager of another company writes to the sales agent telling how he is "sweating now under the new activity" (R. 421). We read in another letter: "*We are not fooling ourselves a bit and are working right along with the supposition that Story is going to make parchment indefinitely*" (R. 459).

The three old companies planned their concerted action with the specific intent of destroying the plaintiff, because they believed that this was necessary. *They* did not dare to trust in the company's assured failure, which the Appellate Court so complacently assumes.

At the very start of plaintiff's business the suggestion was made by a sales agent to his principal that Story be given "a run for their money right now when they are trying to get started," with the caution added: "let's keep it awfully quiet however" and not "even intimate that conditions force us to do something" (R. 186). The principal replies to his agent that new price lists are being figured, but "don't tell it to your very, very best friend"; that the letter should be destroyed "so it won't get into the files"; that "while it may appear that it is going to be a disturbing situation for a little while, you can rest assured that *it will not last long*" (R. 187). Another letter suggests that "now is the time to enter the fray and on a basis that our new competitor will not be able to declare 100% stock dividends," and recommends that something be done and be done quickly, and this should be to double the trade discount allowed by Story (R. 278). In the letter of another defendant it is asserted that the best policy is to "rip the market wide open and give them [Story] a battle with the idea of making it short and sweet" (R. 430).

The defendants watched the Story company organize, they knew the value of the business which the Story Company developed, they tested its product and heard reports about its excellent qualities, they obtained surreptitiously drawings of the Story Company machine, they knew of its capital, its organization, its production, and marketing methods. Knowing all these conditions, knowing the parchment paper business and its status, they determined upon combined action in the form of ruthless, drastic, successive, and intensive price reductions in order to destroy the Story Company. They determined that they would rather violate the law and run the risk thereof than permit the Story Company to develop under lawful conditions. Their "actions speak louder than words" that they believed the failure of the plaintiff was not an assured thing; that plaintiff would survive and succeed; that combined action was necessary in order to put an end to plaintiff's business.

The defendants' express statements thus support the inferences from their actions.

The jury, with all the facts and circumstances which confronted defendants, and also the acts and admissions of the defendants in evidence, surely were entitled to draw the same inference and arrive at the same conclusion as the defendants themselves repeatedly affirmed before they were summoned to court.

II.

Conclusion of the Court of Appeals that plaintiff's failure was inevitable from reductions in prices which it was assumed the defendants would have made severally, or from lack of capital or inefficient management, was not a necessary conclusion from the evidence, and was wholly unwarranted.

We have pointed out that defendants themselves frequently referred to the plaintiff's progress, asserted their

assurance it would endure, and planned concerted measures to achieve its destruction. These executives and representatives of the parchment paper companies were, by their technical knowledge and business experience in this particular field of endeavor, well qualified to judge the strength and future prospects of the Story Company.

The majority of the Court of Appeals say what the defendants would have done under hypothetical conditions of fact—the "moral certainty" as to what they would have done "according to Nature's first law." Such assurance seems strange by comparison with the doubts, uncertainties, and hesitancies of students of economics, industry, and business.

First, it cannot be said that it was clear as a matter of law or "according to Nature's first law" that defendants would have reduced prices equally acting severally. Price warfare, to be successful, must generally be aggressive and acute, for "within a few months the attempt is likely to be a success or a failure" (Henderson, Federal Trade Commission, 259-260). Unless the attack is carefully planned and co-ordinated, it may do more harm to the aggressors than to the object of attack.

Secondly, it cannot be assumed that, if price reductions were made by defendants without concerted action, they would have destroyed plaintiff. There is a special power of coercion in a combination which does not exist in individual effort. "The number and the compact give weight and cause danger."

> *Mulcahy* v. *The Queen*, L.R. 3 H.L. 306.
> (And cases cited in our original brief, p. 21.)

The court's conclusion that plaintiff's "failure was inevitable either from lack of capital or inefficient management, or both," leaves one in doubt as to just which was conclusively presumed. If the force of all evidence is to

be overturned by an assumption of the court, it would seem that such assumption would be something specific.

Are the courts in a position to make a conclusive determination as a matter of law of how much capital was a *sine qua non* for the establishment of a business making parchment paper? Here again the conclusion of the appellate judges is contradicted by the judgment of the bankers and business men who dealt with the situation. The stockholders who invested in the company were mature and successful business men of wide experience (R. 546). They believed in the prospect of success or they would not have invested their money. The bank which lent the company $70,000 thus signified to a like belief. The paper company which supplied waterleaf paper for parchmentizing granted a credit of $65,000, showing that it had a like opinion.

We have already pointed out that the defendants' admissions demonstrate the lack of any basis for claiming plaintiff inefficient. It had a more efficient parchmentizing machine than the other companies, produced a paper in some respects better than that of defendants, and had the very best possible sales representation.

The majority comment disparagingly upon the fact that the Story Company was running at about half capacity for five months. The general business judgment is that a company which, after only two months of operations, is producing a finished article of excellent quality and is selling half of its total capacity has made splendid progress.

The majority opinion also states that the field was "preempted" by the existing companies. We have already seen that defendants themselves had no such view of the situation. They felt that the purchasers would welcome a newcomer into the field as some protection against the defendants' monopoly. As Judge Anderson states in his dissenting opinion, "the three old concerns had, since 1914, been relying mainly on their association and agreement to fix prices and therefore had become unprogressive in equip-

ping and operating their plants." The majority entirely overlook the possibilities through making a better paper, through greater efficiency, through stimulating demand for new uses by good marketing methods.

The number of new fields of business opened from year to year is small in proportion to the number of existing lines of business. By far the greater portion of humanity are compelled to enter present fields of endeavor and apply their energy and ingenuity to efficient production and marketing and obtaining a clientele. To assume the doctrine of the majority opinion would render all persons who enter existing vocations subject to the wilful destruction of their competitors.

The thought runs through the majority opinion that, in entering an existing field, a huge fortune must be possessed by a new concern or it must inevitably fail. This is an assumption not borne out by economic experience. It is not true that the company of lesser capital must necessarily fail in competition with the company of greater capital. Every lawyer can immediately think of instances in his own practice where people have entered business with a small capital and by specialization, close supervision, proper attention to details, good service, constant contact with customers, and individual thought, initiative, and leadership, have built up business institutions which have flourished in spite of the competition of large monopolistic companies. Monopolies have often been inefficient and been unable to maintain their proportion of the business as against independent companies. They often work under high capital costs because of moneys expended in ambitious expansion and in killing competitors; they suffer from inefficiency in management, often producing goods of poor quality and failing to make proper improvements; the incentive to individual effort is greatly diminished while at the same time the burdens of management placed upon individuals are greatly magnified. Monopolies have often been able to retain their power only

through price fixing and other violations of law. There is a mortality in business of large as well as small companies. The large are not destined to endure forever, nor the small to perish immediately. The assumption of the majority is an *a priori* conjecture contrary to experience. The majority assume a static, feudal condition of industry, contrary to our economic history, contrary to the spirit of our institutions. It is a doctrine of fatalism, which the people of this country do not accept.

III.

It was a usurpation of the function of the jury for the Court of Appeals to hold as a matter of law that plaintiff's failure was inevitable.

In his dissenting opinion Judge Anderson says: "Indeed, the opinion on damages does not read at all like the opinion of an appellate court, dealing with questions of law; it deals largely with facts solely for the jury" (R. 625).

The rule of law is that, if there is any reasonable basis for a difference of opinion as to the facts, the court should not set aside the finding of the jury. Here there is no antithesis of facts against facts. The facts of the palpable harm done are uncontradicted. But the majority conjecture that the plaintiff would have perished in some other way and give conclusive effect to this supposition against all the evidence. It is an antithesis of mere conjecture against facts. And the court gives no effect to the facts and conclusive effect as a matter of law to its conjecture.

This is, to say the least, a novel principle. It is therefore not surprising that counsel for defendants seek to escape this expressed basis for the decision by suggesting that the real reason is that plaintiff produced no evidence to prove that the defendants would not have reduced prices to the same extent severally, without combination. In this manner defendants' counsel seek to avoid the burden of vin-

dicating the process by which a supposition is transmuted by the court into a conclusive presumption.

In *Wm. H. Rankin Co.* v. *Associated Bill Posters,* 42 Fed. (2d) 152 (C.C.A. 2) (certiorari denied, Oct. 13, 1930, Adv. Ops. U.S. Sup. Ct. L. Ed. Oct. 1930, p. 25), Ramsay was permitted to recover damages for defendants' unlawful acts based on probable future earnings, although he introduced no evidence of probable future earnings and proved only the receipts and expenditures prior to defendants' acts. The court said:

> "Had there been no evidence from which damages could be fixed by the jury, of course this plaintiff could not recover. But there was evidence. The financial history of the Ramsay business was in the case. Perhaps the jury was not as competent to analyze that evidence as some financial and business expert might have been, but it could draw its own reasonable conclusions from it. That is what a jury is to do anyway in arriving at the amount of damages in any case. The jury had the data before it, and was left to determine the damages from that in what may be called its raw state. Perhaps the testimony of someone competent to have estimated the business loss resulting from the defendants' acts would have helped, but it was not indispensable [citing cases]."

The plaintiff is entitled to the benefit of all inferences which may be drawn from its testimony.

In *Eastman Kodak Co.* v. *Southern Photo Materials Co.,* 273 U.S. 359, the plaintiff claimed that the Eastman Company refused in 1910 and thereafter to sell its goods to plaintiff at dealers' discounts. Defendant pointed out that the plaintiff's evidence showed that plaintiff had suffered a net loss in the two years prior to defendant's alleged unlawful action and had made a profit in the year following

such action; that defendant's action followed upon the plaintiff taking over another line of goods in addition to defendant's, and it was a mere assumption that plaintiff could have sold as large a quantity of defendant's goods after taking over such other line. The court held:

> "We conclude that plaintiff's evidence as to the amount of damages, while mainly circumstantial, was competent; and that it sufficiently showed the extent of the damages, as a matter of just and reasonable inference, to warrant the submission of this question to the jury."

Circumstantial evidence plays an important part in the law. One's life or liberty may be taken on the basis of such evidence. Yet the probative value of circumstantial evidence consists wholly of the inferences which may be drawn from it.

In *American Can Co.* v. *Ladoga Canning Co.*, decided October 28, 1930 (C.C.A. 7) (certiorari denied Jan. 13, 1931), the plaintiff recovered damages under the Clayton Act. In sustaining the verdict the Court of Appeals said:

> "It is true plaintiff's proof of damages depends largely upon what is commonly called circumstantial evidence. To a certain extent this is supplemented by inferences deducible from such evidence. But such proof is sufficient to support a recovery of substantial damages."

In the recent case of *Gunning* v. *Cooley*, 281 U.S. 90 (cited by defendants), this Court said:

> "And in determining a motion of either party for a peremptory instruction, the court assumes that the evidence for the opposing party proves all that it reasonably may be found sufficient to establish and that from

> such facts there should be drawn in favor of the latter all the inferences that fairly are deducible from them."

In the case at bar the trial court in its charge to the jury ruled that no recovery could be had for future profits, or for profits on sales which might have been made in the past if there had been no unlawful interference with plaintiff's business. It restricted recovery to the palpable, visible damages to property suffered by plaintiff as a result of defendants' acts: the diminution in value of its plant and the loss on sales actually made. No future, prospective element is involved in the verdict for the plaintiff. It is the defendants' claim which is conjectural, for they conjecture as to what might have happened in the future under suppositious conditions contrary to fact. They go further. Not merely do they seek to give to conjectures the weight of facts, but maintain that, in the absence of testimony of conjectures, their suggested *a priori* conjecture is to be given the weight and effect of a conclusive presumption of law.

The question whether defendants' act proximately caused or contributed to plaintiff's injury is likewise primarily a question of fact for the jury. Only when the jury's verdict is plainly arbitrary, only when there is no possible room for difference of opinion, can its verdict be set aside. The classic statement of this principle is found in *Milwaukee &c. Ry. Co.* v. *Kellogg,* 94 U.S. 469:

> "The true rule is, that what is the proximate cause of an injury is ordinarily a question for the jury. It is not a question of science or of legal knowledge. It is to be determined as a fact, in view of the circumstances of fact attending it."

In *Reeve* v. *Dennett,* 145 Mass. 23, defendant induced plaintiff to purchase stock in a company being formed in May, 1880. Plaintiff became a director of the company and in April, 1881, after he had been a director for almost a year,

purchased additional stock. In seeking recovery from defendant for fraudulent representations made in May, 1880, he claimed as an element of damages the loss suffered from the purchase in April, 1881. The trial court permitted such claim, and after verdict and judgment for plaintiff, defendant appealed, claiming that after plaintiff had been a director for almost a year, a purchase of stock by him must have been based upon his own means of knowledge, and not upon a representation made by some one a year previously, before the company was formed. It did not require much dogmatism to so hold. Yet the court upheld the verdict. We read in the opinion:

> "We cannot say, as matter of law, that such representations may not have continued to operate on the plaintiff's mind in April, 1881 and may not have induced him to accept more stock. We cannot say so, as matter of law, even if the plaintiff had become a director and had acquired independent means of knowledge in the meantime, if in fact he continued to rely upon the defendant's statement in dealing with him."

IV.

There was sufficient evidence to go to the jury that the defendants' concerted price reductions were the proximate cause of the plaintiff's failure.

(1) It is a general principle that an intended consequence of an act is proximate. We have seen that the defendants pursued their concerted action with the intent to injure and destroy plaintiff (*supra*, Point I).

Professor McLaughlin in an article on proximate cause (39 Harvard Law Review, 151) says: "It is generally agreed that results intended by an actor are proximate if they in fact take place." Jeremiah Smith (25 Harvard Law Review, 228) said that "all legal writers who have

considered the question" hold persons liable for intended consequences. Edgerton in his articles on Legal Cause says (72 U. of Pa. L.R. 358-359):

> "If the defendant intended to produce the very result which he succeeded in producing, it is clear and familiar that he is a legal cause of the result, however remote and remarkable the result may be; for the reason, evidently, that this seems just. . . .
>
> "Acts which are intended to cause harm tend to produce it; the social interest in discouraging them is therefore evident."

In Pollock on Torts (13th ed.), 344, we read:

> "It does not lie in a man's mouth to say that the consequence which he deliberately planned and procured is too remote for the law to treat as a consequence."

In *Quinn* v. *Leathem*, [1901] A.C. 495, Lord Lindley said: "The intention to injure the plaintiff negatives all excuses and disposes of any question of remoteness of damage." See 1 Street, Foundations of Legal Liability, 11, 489, to the same effect.

(2) Another principle of proximate cause is that of liability for foreseeable consequences. Of course the consequences of the defendants' acts were not only foreseeable, but foreseen, and there is clear liability on this ground.

(3) The damage caused by the conspirators acting in violation of the Sherman Act cannot be excused on the conjecture, which is contrary to fact, that similar damage might have been caused by independent action of the conspirators or might have occurred in some other manner.

Professor Beale (33 Harvard Law Review, 638) says: "The question is not what would have happened, but what did happen." Dean Green, writing on Causation in 77 U. of

Pa. L.R. 605, points out that an inquiry as to what would have happened in the absence of defendant's acts "is vicious from two aspects: (1) it presents an inquiry impossible of determination; the case is not what might have happened but what has happened; (2) the inquiry while stated in what seems to be terms of cause is in fact whether the defendant should be held responsible." McLaughlin points out (39 Harvard Law Review, 152):

> "It is fundamental that, as far as causation is concerned, it is necessary for liability only that defendant's act be *a* proximate cause of the damage, but confusion is frequently facilitated by the assumption that it must be *the* proximate cause."

In *Mammoth Oil Co.* v. *United States*, 275 U.S. 13, the court did not deem it proper to consider whether the lease and agreement were advantageous to the government, whether they might or would have been made irrespective of collusion; it was sufficient that collusion and conspiracy were factors in the making of the lease. A man who kills another is not excused by assertions that some one else would have killed the victim if he had not done so.

The law must be and is practical with reference to the problem of causation. It deals with the immediate cause, the immediate wrong-doer, rather than with metaphysical speculations as to remote causes. In Bacon's Maxims, 1, the following principle is laid down:

> "In juri non remota causa sed proxima spectatur. It were infinite for the law to judge the cause of causes, and their impulsions one of another; therefore it contenteth it selfe with the immediate cause, and judgeth of acts by that, without looking to any further degree."

This principle has been dominant in the attitude of the law on the question of causation. In *Hale* v. *Hatch & North*

Coal Co., 204 Fed. 433 (C.C.A. 2), the plaintiff, who was a coal dealer, had underbid other dealers in getting a contract from the city. He could not afterwards obtain coal from the wholesalers, and his business failed. In reversing a judgment for defendant the Court of Appeals said:

> "In looking for the causes responsible for Hale's ruin we naturally turn to those persons who were being injured by his success."

(4) There can be no doubt that the concerted, intensive price cutting of the defendants caused the plaintiff's failure. Certainly there was evidence upon which the jury had the right to make such a finding. Indeed, even the majority opinion recognizes the causative relation between price cutting of the defendants and the failure of the plaintiff, because it goes so far as to maintain that individual price cutting practised by the defendants severally would have been sufficient to put the plaintiff out of business. There is no difference between the majority and the minority opinion as to the effectiveness of price cutting. The difference is only in the assumption by the majority that the causation is not proximate if the harm might have been caused in other ways. But the defendants created the conditions of an illegal combination. They are not in a position to ask to be excused from the consequences of their acts by conjectures as to what might have happened under normal, competitive conditions. They seek to be excused by assumptions of what would have happened if conditions were normal; they have rendered it impossible to make such determination because they have by their own acts created abnormal conditions.

What injured and destroyed the plaintiff was the concerted price cutting. The law cannot split up the action of the defendants into parts and say that the price cutting without the combination was the cause and the combination superfluous. The direct effects of the acts of the defendants

as they planned and committed them are attributable to them. That is sound and just. It makes a party liable only for what he does.

In the Yale Law Journal, May, 1930, there is a discussion of the decision of the Court of Appeals at pages 1035-1042. The article disagrees with the decision of the court. With reference to the problem of causation it says: "In the instant case the defendants conspired to drive the plaintiff out of business. Business failure followed in the course of a few months. That the conspiracy was a moving factor in bringing about this failure seems at least a fair assumption." The decision of the Court of Appeals in this cause was also discussed in the Harvard Law Review, May, 1930, page 1165, with reference to the problem of causation. The article reached the conclusion that the decision was unsound, saying, "the deterrent effect of the statute is weakened if the results accomplished by the defendants' unlawful combination are excused because they could have been attained in a lawful manner."

V.

There was sufficient evidence of damage to warrant a verdict for the plaintiff.

(1) The defendants confuse the requirement of reasonable certainty as to the fact of damage with certainty as to the amount. There are numerous cases where there is considerable difficulty in determining the amount of damage. Damages may be recovered by the next of kin for the death of an infant, although it is difficult to estimate the financial loss suffered by a parent who would have had the legal burden of maintaining the child for many years to come. Although the amount of pecuniary damage is very uncertain, the law allows recovery for breach of a contract to form a partnership. See *Hyer* v. *Richman Traction Co.*, 168 U.S. 471, 483 (cited in our original brief at p. 32). Damages may

be recovered for breach of a contract to share the profits of a business, for breach of promise of marriage, for injury to business reputation, although in all these cases the calculation of the actual damage is not governed by rules of thumb. A builder may recover for the breach by the owner of a contract for the construction of particular works although there is manifestly some uncertainty as to whether the builder would have been able to complete the work and what the ultimate profit would have been. In determining the value of land, numerous complicated factors must be taken into consideration. In patent, copyright, and trade-mark cases, in cases of valuation for rate purposes, in cases of unfair competition, there are very difficult questions of damage or value to be solved.

In Sutherland on Damages (4th ed.), sec. 70, relating to damages for tortious interference with business, the author quotes the well-known language of Christiancy, J., in *Allison* v. *Chandler*, 11 Mich. 542, as being the statement of the correct rule upon the subject. This statement has been frequently quoted in opinion and treatise:

> "The nature of the case is such that the wrong-doer has chosen to make it; and upon every principle of justice, *he* is the party who should be made to sustain all the risk of loss which may arise from the uncertainty pertaining to the nature of the case, and the difficulty of accurately estimating the results of his own wrongful act. Upon what principle of right can courts of justice assume—not simply to divide this risk, which would be thus far unjust—but to relieve the wrong-doer from it entirely, and throw the *whole* upon the innocent and injured party? . . .
>
> "Since, from the nature of the case, the damages cannot be estimated with certainty, and there is a risk of giving by one course of trial less, and by the other more than a fair compensation—to say nothing of jus-

tice—does not sound policy require that the risk should be thrown upon the wrong-doer instead of the injured party? However this question may be answered, we can not resist the conclusion that it is better to run a slight risk of giving somewhat more than actual compensation, than to adopt a rule which, under the circumstances of the case, will, in all reasonable probability, preclude the injured party from the recovery of a large proportion of the damages he has actually sustained from the injury, though the amount thus excluded can not be estimated with accuracy by a fixed and certain rule. Certainty is doubtless very desirable in estimating damages in all cases; and where, from the nature and circumstances of the case, a rule can be discovered by which adequate compensation can be accurately measured, the rule should be applied in actions of tort, as well as in those upon contract. . . .

"But shall the injured party in an action of tort, which may happen to furnish no element of certainty, be allowed to recover no damages (or merely nominal), because he can not show the exact amount with certainty, though he is ready to show, to the satisfaction of the jury, that he has suffered large damages by the injury? Certainty, it is true, would thus be attained; but it would be the certainty of injustice. And, though a rule of certainty may be found which will measure *a portion* and *only a portion* of the damages, and exclude a very material portion, which it can be rendered morally certain the injured party has sustained, though its exact amount can not be measured by a fixed rule; here to apply any such rule to the whole case, is to misapply it; and so far as it excludes all damages which can not be measured by it, it perpetrates positive injustice under the pretense of administering justice.

"The law does not require impossibilities; and can not, therefore, require a higher degree of certainty than

the nature of the case admits. And we can see no good reason for requiring any higher degree of certainty in respect to the amount of damages, than in respect to any other branch of the cause. Juries are allowed to act upon probable and inferential, as well as direct and positive proof. And when, from the nature of the case, the amount of the damages can not be estimated with certainty, or only a part of them can be so estimated, we can see no objection to placing before the jury all the facts and circumstances of the case, having any tendency to show damages, or their probable amount; so as to enable them to make the most intelligible and probable estimate which the nature of the case will permit."

(2) There was clearly a diminution in value of the plaintiff's property as a result of the defendants' acts. The defendants' concerted action made the continuance of the operations of the plant impossible. Such enforced suspension entitles the plaintiff to damages for the diminution in value thereby entailed. In *United Mine Workers* v. *Coronado Coal Co.*, 258 Fed. 829 (C.C.A. 8), it was held that, where the plaintiff closed certain mines to avoid further trouble, the value of the leases thus forfeited was clearly a part of the damage sustained. On appeal to the Supreme Court the case was reversed on jurisdictional grounds only. In *New England Cement Gun Co.* v. *McGivern*, 218 Mass. 198, an owner, as the result of action of a trade union, requested cancellation of the plaintiff's contract to do plastering, and the plaintiff assented to the cancellation. It was held that the plaintiff could recover the damage caused by the acts of the defendant, and in fixing such damages it could be taken into account that as a practical matter it was impossible for the plaintiff to hold its contract and the defendant's action amounted to a destruction of its value. In *Rogers* v. *Mechanics' Insurance Co.*, 1 Story, 603; Fed. Cas. No. 12,017, Judge Story said:

"Suppose that fruit is insured, and the vessel has a long passage, in which, by ordinary waste and decay, it must suffer some deterioration, and then a storm occurs, in which it suffers other positive damage and injury, or there is a jettison thereof; how are we to ascertain what diminution is to be attributed to natural waste and decay and what to the perils of the seas? or what was its true value at the time of the jettison? There can be no positive and absolute certainty. The most that can be done, is to ascertain, by the exercise of a sound judgment, what, under all the circumstances, may reasonably be attributed to one cause, and what to the other."

In *Mark* v. *Hudson River Bridge Co.*, 103 N.Y. 28, the evidence did not distinguish between expenditures for repairs and improvements, but recovery was permitted. In *Burchardt* v. *Burchardt*, 42 Oh. St. 474, the court held that it was competent for a witness to give an opinion as to the value of property with and without good-will and trademark, or the diminished value of the property with good-will destroyed or impaired by reason of the wrongful acts of the defendant, and that such testimony could be taken as the measure of damages.

If the defendants did nothing more than to accelerate the end of plaintiff, the jury would be entitled to fix the damages for such acceleration and to determine the value in its opinion of the expectancy of the plaintiff. In *Ware-Kramer Tobacco Co.* v. *American Tobacco Co.*, 180 Fed. 160 (C.C. N.C.) (writ of error dismissed, 196 Fed. 1004 (C.C.A. 4)), the court met an objection similar to that of the defendants in the case at bar, pointing out as elements of damage that the business was destroyed and the property in the hands of a trustee in bankruptcy. The court said:

"It requires no argument to show that the course of conduct pursued by defendants towards the Ware-

> Kramer Tobacco Company from the moment its projectors conceived the idea of bringing it into corporate existence, through its struggle to take upon itself the form and features of organic life, and while, in defiance of the efforts of defendants to throttle its activities, it maintained an existence with promise of success, were calculated and intended not only to restrain but to destroy it."

This language exactly describes the action of the defendants in the case at bar.

(3) We have referred in our original brief (p. 19) to leading cases justifying recovery for the diminution in revenue of the plaintiff on the sales actually made, through being compelled, in order to carry on business, to sell at the reduced prices which the combination fixed. The court on this point instructed the jury that no recovery could be had unless it found that the price prevailing before the reductions by the combination was a reasonable price. We have referred to cases, including decisions of this Court, where the jury was permitted to determine a reasonable price in order to fix the damage between that price and a price which the plaintiff had to *pay*. There is no difference in principle when the jury has to determine the difference between that price and the price for which the plaintiff had to *sell*. The money received is as definite in the latter case as the money expended in the former. The determination of the reasonable price is no more difficult in the one case than the other.

Counsel for defendants, however, argue that it was incumbent upon the plaintiff to introduce specific evidence as to what the price would have been if the defendants had not reduced it.

It is not incumbent upon a plaintiff in an action for damages to introduce evidence of conclusions derived from facts. When the facts are introduced the inferences and conclusions may be drawn by the jury. As the defendants

conspired to reduce prices by concerted action, their conduct permits the inference that those prices would not have been reduced except by such action. The determination in detail of precisely what would have happened under normal conditions is not free from difficulty, but the difficulty was created by the defendants' own conduct in substituting abnormal, unlawful conditions for normal conditions. In Sedgwick on Damages (4th ed.), vol. 1, sec. 178, we read: ". . . where the defendant has by his own wrong put it out of the plaintiff's power to prove the quantum of damages exactly, the presumption is against the defendant, and the burden is upon him to reduce the amount from the greatest possible amount."

Compare the doctrine laid down by this Court in patent infringement cases, for the proof of profits where the alleged infringing patent is combined by the defendant with other elements.

> *Westinghouse Elec. & Mfg. Co.* v. *Wagner Elec. & Mfg. Co.*, 225 U.S. 604.

In *Straus* v. *Victor Talking Machine Co.* (cited in our original brief, 19) the plaintiff recovered damages suffered because of paying higher prices than that it claimed it would have had to pay if the defendants' policy did not prevent purchases from distributors. The defendants introduced testimony of distributors who stated that they would not have sold to the plaintiff because it was engaged in cut-price competition. Defendants maintained that plaintiff had failed to show that it would have been able to purchase from distributors at the discounted price if defendants had not been guilty of violating the law. The court said:

> "They [defendants] insist that the jury was left to speculation because some distributors testified that they would not have sold Macy's, and because plaintiff engaged in a cut price competition with other retailers,

> and they argue, in effect, that plaintiffs did not sustain what may be characterized as the metaphysical burden of showing that they could have purchased in a free market the same amount of goods at the customary list prices less discounts. If there is speculation, it is that indulged by defendants. . . .
>
> *"What the distributors would have done, if free and unhampered, is truly a matter of speculation."*

An interesting parallel is presented when a party sues for breach of a contract requiring the performance of a series of acts on his part over a considerable period of time. He is entitled to recover if he has performed up to the time of the breach and appears ready to proceed, and as this Court said in the oft-cited case of *Angle* v. *Chicago &c. R. Co.*, 151 U.S. 1: "It is not an answer to say that there was no certainty that the contractor would have completed his contract. . . . It certainly does not lie in the mouth of a wrongdoer, in the face of such probabilities as attend this case, to say perhaps the contract would not have been completed even if no interference had been had, and that, therefore, there being no certainty of the loss, there is no liability."

In Sutherland on Damages, sec. 120, it is stated with reference to the right of a contractor to recover under such conditions:

> "He is entitled to recover the profits which he would have made—the contract price less what he would have to do or expend to earn or otherwise entitle himself to it. This deduction may be the price of labor or the value of property at a future day. The action for damages recoverable for such a breach may be brought and tried before that day arrives. If so, the prices prevailing at the time of the breach may be acted upon as the test of values at the times mentioned in the contract. . . ."

In the recent case of *American Can Co.* v. *Ladoga Canning Co.*, decided October 28, 1930 (C.C.A. 7) (certiorari denied, Jan. 13, 1931), an action for damages for violation of the Clayton Act, the Court of Appeals, in affirming judgment for plaintiff, said:

> "The case is one for the application of the rule which denies defendant's right to take refuge behind the alleged uncertainty or indefiniteness of the plaintiff's proof of damages which were occasioned by defendant's own wrongdoing and its concealment of such fact from the injured party."

(4) The cases cited by defendants and the cases relied upon by the court below do not justify the result contended for.

In *Keogh* v. *Chicago & Northwestern Railway,* 260 U.S. 156, there was no damage suffered by the plaintiff, because the rate he paid was a legal rate approved by the Interstate Commerce Commission. The court pointed out that, "unless and until suspended or set aside, this rate is made for all purposes, the legal rate as between carrier and shipper." The court pointed out: "If the conspiracy here complained of had resulted in rates which the Commission found to be illegal because unreasonably high or discriminatory, the full amount of the damages sustained, whatever their nature, would have been recoverable in such proceedings." There was no damage, because the plaintiff paid the fair, reasonable, legal rate.

If the damage is certain, the fact that the extent is uncertain does not prevent recovery. But if it is clear that there is no damage, of course there is no recovery. The Keogh case is one where it was clear that there was no damage.

There is an interesting analysis in Yale Law Journal, May, 1930, 1035-1042, of this and other cases relied on by defendants. It is there pointed out that, while the courts take care lest a conspiracy and restraint of trade be fol-

lowed by fictitious damage suits, it is at the same time clear from the holdings of the courts that an award of damages should be made if an injury has in fact occurred. The courts have sometimes ordered a new trial because it appeared that the plaintiff was withholding proof within his power.

Thus in *American Sea Green Slate Co.* v. *O'Halloran,* 229 Fed. 77, the plaintiff was in fact making a larger profit after the defendant's illegal sales agreement than before. The plaintiff sued on the theory that he was compelled to pay a higher price than the market price; but the evidence of the price paid by him related only to certain special sizes and qualities greatly in demand, which he purchased; and he gave no evidence of the market price as to these sizes and qualities, showing only the price which the defendant paid to its own producers for the purchase of an entire output containing sizes and qualities slow of sale as well as good sizes. He claimed future loss of profits because of three customers who previously purchased from him and now did not, but there was no evidence that these persons were buying slate from anybody. This claim of damages was for prospective profits, and in the case at bar the plaintiff's damages do not include any element of prospective profit.

Jack v. *Armour,* 291 Fed. 741, was merely a case where a demurrer was sustained to a declaration because there was no allegation in the declaration of what injury occurred.

In *Central Coal & Coke Co.* v. *Hartman,* 111 Fed. 96, a coal dealer sued for loss of future profits because certain dealers demanded a price higher than the wholesale price from the plaintiff. The plaintiff produced no facts, no data, no evidence of the decrease in his business nor of the volume of his general business, nothing about the income or expenses before or after the defendant's acts. He gave merely the difference between the cost and selling price as profit,

without data as to expenses. The court said that there were no data for a rational estimate of any kind, and throughout the opinion indicated that, had the plaintiff really been injured, some facts would have been submitted in evidence.

In *Chicago Life Insurance Co.* v. *Tiernan,* 263 Fed. 325, a judgment for the plaintiff was reversed because the plaintiff had breached a condition of his contract in entering the insurance business for another company, and was not entitled to recover.

In *McCormick* v. *U.S. Mining Co.,* 185 Fed. 748, the defendant enjoined a mining company from operating a mine, and filed a bond. The injunction was dissolved and an action was brought by the mining company on the bond. The company's claim was for lost profits and its computation was based entirely on the hypothesis of extracting not less than 100 pounds daily for each day. Yet during the period of years prior to the injunction it had only mined a total of between 500 and 1000 tons in all from the mine in question. Furthermore, the case is one involving the ownership of a limited quantity of raw material, which was still owned and could be sold. There was no evidence which would permit a determination of whether any loss was suffered through depreciation in price. The company gave no evidence of any profits made on the operations of its other mines. The Court of Appeals sent the case back to the trial court for a new trial, with directions as to how damages should be proved.

Sussex Land & Live Stock Co. v. *Midwest Refining Co.,* 276 Fed. 932, is a *nisi prius* trial in which the opinion gives the findings of fact and law of the trial court in an equity suit.

Keystone Manufacturing Co. v. *Adams,* 151 U.S. 139, was a suit for patent infringement in which the plaintiff sought to recover, not a license fee, but the defendant's profits; and it was held that his case was based upon the profits actually made by defendant.

It is to be noted that most of these cases were claims for prospective profits—a question not involved in the case at bar.

In the case at bar the plaintiff produced full and complete evidence of all matters pertaining to its business, its customers, its sales, cost of materials, expenses; and the defendant produced no testimony. The statement of this Court in *Mammoth Oil Co.* v. *United States*, 275 U.S. 13, is applicable:

> "As said by Lord Mansfield in Blatch v. Archer (Cowper 63, 65): 'It is certainly a maxim that all evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted.' "

In this case the court also pointed out that, from the failure of defendants to offer evidence of facts within their knowledge or power, it may justly be inferred that they were not in a position to combat or explain away any facts or circumstances shown by plaintiff's evidence and material to its case.

(5) In *Paramount Famous Lasky Corp.* v. *United States*, decided by this Court November 24, 1930, this Court said:

> "The fundamental purpose of the Sherman Act was to secure equality of opportunity to protect the public against evils commonly incident to destruction of competition through monopolies and combinations in restraint of trade. Ramsay Co. v. Bill Posters Assn., 260 U. S. 501, 512."

It is essential, in order to preserve this equality of opportunity, that a newly organized concern have the protection of the Act as well as an old established one. Equality of opportunity means the opportunity to begin as well as to finish.

In *United States* v. *Patterson*, 59 Fed. 280 (C.C. Mass.), the court said that "neither the letter of the statute nor its purpose distinguishes between strangling a commerce which has been born and preventing the birth of a commerce which does not exist."

In *Thompsen* v. *Union Castle Mail S.S. Co.*, 166 Fed. 251 (C.C.A. 2), which was an action for damages under the Anti-Trust Act against steamship companies, the court said:

> "It is as unlawful to prevent a person from engaging in business as it is to drive a person out of business."

American Banana Co. v. *United Fruit Co.*, 166 Fed. 261 (C.C.A. 2), is to the same effect.

It is more difficult to evaluate the precise amount of damage when the combination masses its power to destroy a concern which is newly formed than when it asserts its force against a concern with an old history. But the law has been clear that, if the fact of damage is shown, mere difficulty of ascertainment should not prevent redress of injury. The courts have never denied recovery of damage for destruction of a growing crop because of doubts as to whether it would have ripened to maturity. When the purpose of the Sherman Act to give redress for injury is so clear, it would be strange, indeed, that stricter rules should be applied to the recovery of damages than have generally been applied in the development of the common law.

The policy of the Sherman Act is a general one; there have been similar provisions in the Tariff Act for over a generation; the general policy was extended by the Clayton Act.

We have found only three discussions in law reviews of the decision of the Court of Appeals in the case at bar. We have already referred to the article in Harvard Law Review

(*supra*, p. 19), pointing out the unsoundness of the decision and how it weakens the deterrent effect of the Sherman Act. In the extensive article in the May, 1930, number of Yale Law Journal (to which we have referred, *supra*, p. 19), it was stated that the decision is wrong in principle, because it, in effect, denies the protection of the Sherman Act to newly established concerns; and also wrong on the basis of precedent, the court having "gone well beyond the decisions on which it relies." In a discussion of this case in the June, 1930, number of the Tulane Law Review it was said:

> "The majority of the court was of the opinion that the plaintiff's proof of damages was speculative and denied recovery on that ground. The cases relied on to support this position, it is submitted, are inapplicable. . . . It seems also, that the view of the majority operates to set up a standard of proof which would deprive the Sherman and Clayton Acts of a large measure of usefulness in this connection in a very large number of cases. It is submitted, therefore, that the conclusion of the minority in the instant case is better supported by principle and authority."

The Sherman Act should receive an interpretation and application which truly express the dominant purpose that led to its enactment. Economic conditions today require such application. From the standpoints of principle, precedent, and social welfare, the verdict for plaintiff should stand.

VI.

The trial court and the majority as well as the minority of the Court of Appeals concurred that there was sufficient evidence to go to the jury of concerted action by the defendants to fix prices to prevent the plaintiff from acquiring trade; and such concurrent holdings were clearly correct.

(1) Counsel for defendants now argue in this Court that there was not sufficient evidence to go to the jury on the issue of a combination in restraint of trade or to monopolize. The trial court and the majority as well as the minority of the Court of Appeals concurred in holding that there was sufficient evidence of a combination (Brief, *supra*, p. 1).

(2) There can be no doubt that the record amply demonstrates concerted action by the defendants in reducing prices in order to prevent the plaintiff from acquiring trade. The import of the defendants' argument on this question is that there is no positive proof of an agreement between them to reduce prices. But in seeking to ascertain whether there is concerted action or a conspiracy in committing a tort, we do not seek for the elements of a bilateral or multilateral contract. It is not necessary that the defendants bind themselves to fix prices. It is enough that there is concerted action, that they act together in pursuance of a common object. In *American Column & Lumber Co.* v. *United States*, 257 U.S. 377, the rule was laid down "that any concerted action by any combination of men or corporations to cause, or which in fact does cause, direct and undue restraint of competition in such commerce, falls within the condemnation of the Act and is unlawful." The court condemned activities whose purpose "was to procure 'harmonious' individual action" among a number of dealers with respect to prices "without having any specific agreement with respect to them." In *Thomsen* v. *Cayser*, 243 U.S. 66, it was contended that there was no proof of an agreement by the defendant steamship lines as to prices. The principal evidence con-

sisted of circulars issued by them. This court said: "It cannot be assumed that the circulars that were issued and the concerted course of dealing under them were the accidents of particular occasions having no premeditation or subsequent unity in execution." In *Eastern States Lumber Association* v. *United States*, 234 U.S. 600, this court said, in affirming a decree holding defendants an illegal combination:

> "True it is that there is no agreement among the retailers to refrain from dealing with listed wholesalers, nor is there any penalty annexed for the failure so to do, but he is blind indeed who does not see the purpose in the predetermined and periodical circulation of this report to put the ban upon wholesale dealers whose names appear in the list of unfair dealers trying by methods obnoxious to the retail dealers to supply the trade which they regard as their own. . . .
>
> "It is said that in order to show a combination or conspiracy within the Sherman Act some agreement must be shown under which the concerted action is taken. It is elementary, however, that conspiracies are seldom capable of proof by direct testimony and may be inferred from the things actually done . . ."

In *Hale* v. *Hatch & North Coal Co.*, 204 Fed. 433, the court said:

> "Conspirators . . . do not advertise their purpose openly, their methods are secret, sinister and clandestine. It is rare, indeed, that a conspiracy is proved by direct evidence. In a vast majority of cases circumstantial evidence is relied on. Such evidence is as efficacious as direct if it establishes the proposition that the defendants, or some of them, had a common purpose to violate the law which they succeeded in accomplishing."

In *Commonwealth* v. *Smith*, 163 Mass. 411, we read as follows:

> "A conspiracy may be proved by circumstantial evidence, and this is the usual mode of proving it, since it is not often that direct evidence can be had. . . . The acts of different persons who are shown to have known each other, or to have been in communication with each other, directed towards the accomplishment of the same object, especially if by the same means or in the same manner, may be satisfactory proof of a conspiracy."

See also *Reg.* v. *Murphy*, 8 C. & P. 397.

That the conspirators' price reductions were identical in amounts and either precisely or practically simultaneous on each occasion is beyond contradiction. It is in effect conceded in the defendants' brief, "Summary of Reductions by any Defendant," pp. 16-18. This appears at a glance if the items in the defendants' summary are bracketed as follows:

(*b*) and (*c*), reduction of ½¢ a pound on rolls.
(*d*), (*e*), and (*f*), reduction of 1¢ a pound on all products.
(*g*), (*h*), and (*i*), discount of 2½¢ to certain packers (actually to so-called "big packers").
(*j*), (*k*), and (*l*), discount of 5% to big packers.
(*m*), (*n*), and (*o*), reduction of 1¢ a pound on all products.
(*p*), (*q*), and (*r*), reduction of 6¢ a thousand on printing of small butter wrappers.

While the simultaneity and identity of the reductions is thus conceded, the defendants' brief with respect to each item (*a*) to (*r*) claims that it was "without concurrent or prior agreement" with the two other alleged conspirators.

In our brief in the Circuit Court of Appeals we presented a minute analysis of the evidence covering the entire period,

demonstrating with respect to each price reduction of the defendants that it was immediately preceded by communications—either at meetings or by telephone—and that, while the defendants and Moyer sturdily claimed that there was no agreement, the circumstances surrounding the reductions (particularly taken in connection with the contradictions, lack of memory, and obvious want of frankness on the part of the witnesses) gave ample indication that the parties had in fact agreed.

While a mere summary of the evidence is convincing, it is only by a minute analysis that the evidence takes on a positive and incontrovertible aspect. It would make this brief too long to analyze the testimony throughout as we did for the court below, but, in view of the claims in the defendants' brief, we shall here submit (*a*) a brief summary of the evidence which established the communications preceding price reductions, and then (*b*) a minute analysis of two of the price reductions, as examples of all.

(A) *Brief Summary of Evidence of Concerted Action on Price Reductions.*

The Story Parchment Company was organized in 1927. It began to take orders about October 10, 1927, and to produce on orders in the latter part of November of that year (Goldmann, R. 547).

It was not invited to join the Parchment Association (Leonhard, R. 474; Goldmann, R. 553).

Representatives of the defendants and West Carrollton continued to meet and to communicate with each other by letter and by telephone.

1. *On November 18, 1927,* Paterson's telephone bill shows a long-distance call to Kalamazoo (R. 516).

On that day Cashmore authorized Cox, Paterson's salesman in Chicago, to eliminate the ½ cent differential in the price of "jumbo" rolls on a sale to Hollis & Duncan to meet a price by Story (P-18, R. 136; P-20, R. 139).

2. *On December 1, 1927,* Cashmore, Southon, and Moyer met in Cincinnati (Southon, R. 527; Cashmore, R. 492).

On December 5, 1927, Paterson announced a reduction in the price of "Jumbo" rolls through elimination of a differential of ½ cent a pound (P-328, P-23, R. 164; P-424).

By letter dated December 2, 1927, from Southon to Greenlee, Kalamazoo's salesman in Chicago, acknowledged by Greenlee on December 6, 1927, and, inferentially, not received by him until the 5th, Kalamazoo made the same price change (K-153, R. 161; K-154, R. 168).

Moyer testified that West Carrollton "might have met that differential, but not as a general thing. They did not broadcast it to their jobbers, and did not publish any change in their price list" (Moyer, R. 539).

It may be noted that Southon's instructions to Greenlee were not "to broadcast the fact that we have eliminated this differential in rolls" (K-153, R. 161).

3. *On December 17, 1927,* Southon telephoned to Cashmore and Moyer (Southon, R. 529; Cashmore, R. 512; P-299, R. 193) on the subject of a proposed reduction in the price of 1 cent a pound.

On January 2, 1928, the defendants and West Carrollton announced to the trade a reduction in basic prices of 1 cent a pound (P-11*a*, P-12, P-13, K-359, K-360, W-109, R. 197-200).

4. *On February 10, 1928,* Southon called Moyer on the telephone (Moyer, R. 541) and said Kalamazoo "was going to meet Story's 2½% by a reduction of that amount."

On the same day Kindleberger wrote Greenlee "to meet this 2½% trade discount to the big six or seven Packers, also to the Institute, to Barber and to the Allied" (K-76, R. 280).

Moyer phoned Moody to make the reduction "to the big packers in Chicago" (Moyer, R. 541).

Cashmore arrived in Chicago on February 11th, and on that day authorized the 2½% discount "to any customers

that demanded it, having reference to Story's" (Cashmore, R. 491).

5. *On February 23, 1928*, Cashmore, Moyer, Southon, Kindleberger, and Dohan met in New York City (Southon, R. 531; Cashmore, R. 513).

On February 24th Cashmore telegraphed Cox: ". . . No change authorized except to meet Story's competition on all large business" (P-309, R. 322).

On February 27th West Carrollton (W-53, R. 327) and on February 28th Kalamazoo (K-116, R. 329) advised their salesmen to substantially the same effect.

On February 29, 1928, all three companions authorized a discount of 5% to the big packers (P-57, R. 334; W-58, R. 337; P-325, R. 337; P-333, R. 339; Kindleberger, R. 526; Southon, R. 535; Moyer, R. 541).

6. *On the evening of March 8, 1928*, Southon telephoned to Cashmore and Moyer (Cashmore, R. 479; Moyer, R. 452; Southon, R. 536) and told them that Kalamazoo was going to announce a reduction of 1 cent a pound.

On March 9, 1928, all three companies announced a reduction of 1 cent a pound, and new discounts on circles, identical for all three companies (W-146, R. 357; K-143, R. 358; W-111, R. 359; P-6 and P-8, referred to at R. 360; Cashmore, R. 479).

7. *On March 31, 1928*, Dohan, Cashmore, Southon, and Moyer met at the Morrison Hotel in Chicago (Moyer, R. 543; Cashmore, R. 480).

Story was mentioned, but apparently it was agreed that no change in policy should then be made.

8. *On May 14, 1928*, Cashmore, Southon, and Moyer met at the Hotel McAlpin in New York City (Cashmore, R. 480; Southon, R. 534; Moyer, R. 544).

Paterson, on May 15 or 16, 1928 (Cashmore, R. 480), announced a reduction in printing prices for sizes up to and including 63 square inches of one third the former price,

effective May 14th, and on May 24th issued a bulletin of such prices (P-10, not printed).

Kalamazoo at about the same time announced an identical reduction effective May 15th (Cashmore, R. 480; K-331, not printed).

West Carrollton on May 17, 1928, sent out notice of an identical reduction (Moyer, R. 544), and on May 21st its price bulletin (W-113, R. 459). Its effective date does not appear.

The unanimity of action by the defendants and West Carrollton on so many separate occasions, preceded by communications between them, and without any consideration of the nature of those communications, is sufficient of itself, we believe, to warrant an inference that there was an understanding or agreement between them or intentional concerted action.

(B) *Analysis of Evidence Showing Concerted Action in Reduction of 1 Cent a Pound in Basic Price on January 2, 1928.*

On January 2, 1928, all three members of the "Parchment Association" reduced their basic price 1 cent a pound.

That this be done by concerted action seems first to have been suggested at a meeting of representatives of the three associated parchment manufacturers, Cashmore of Paterson, Southon of Kalamazoo, and Moyer of West Carrollton, in Cincinnati on December 1st.

Cashmore, interrogated as to the genesis of the Cincinnati meeting, testified that "Southon had asked [him] if he was coming out in that direction, and that he had many things that he would like to discuss. . . . Witness did not know how Moyer got word. . . . His presence there was not exactly a surprise to him. He [Moyer] usually met witness when Southon did" (R. 483). And again he testified that Southon telephoned him at Passaic saying there were some matters "that we should talk about, let us get to-

gether" and that "He intimated that they had some information in reference to Story's arrangements with the exchange [sic]" (R. 492).

Southon, on the other hand, while he could not remember who called the December meeting, "hardly thinks he did." He did not remember calling up Cashmore and asking if he was "coming out in this direction" or telling him "that he had many things he would like to discuss." His memory on that incident is a blank (Southon, R. 528).

The idea had originated apparently with Kindleberger of Kalamazoo. Cashmore testified that at the Cincinnati meeting—

> "He [Southon] had been talking about Story and Story's offerings, and he thought Kindleberger was expecting to drop a cent a pound as usual,* something to that order the first of the year" (R. 483).

Moyer denied this, and Southon denied any memory of it (Moyer, R. 540; Southon, R. 528). The other evidence, however, tends to support Cashmore.

Southon testified that Kindleberger had started figuring on new price lists in November and had finished his job by December 5th (R. 530).

On December 12th Greenlee (Kalamazoo's Chicago salesman) wrote Kindleberger (K-21, R. 183, at 185):

> "Possibly you are not looking for suggestions, but if it isn't out of order, I would like to suggest that we keep it strictly among ourselves, so that no one will have an inkling that we know about what is to transpire on January 15th; then, say on January 10th, you come out with a new price list, as we would have almost a month in which to get it out, and say that you drop the price 1¢ per lb. to everyone, but still give the 'six' now on the special list their ¼¢ per lb. reduction, on the carload

* The testimony showed that this was not a usual annual practice.

price on everything they purchase—I think it would take them all by surprise, for I don't think the Story Parchment Co. could afford to still give the Members of the Institute ½¢ per lb. under this 15¢ price and stand the freight to points we stand it.

* * * * * * * *

"Now, I have used 15¢ per lb. as an illustration and as a recommendation, but you can use this just so far as you care to, but it is beating the Institute's arrangements ½¢ per lb., and *I think if we gave the Story Parchment Co. a run for their money right now when they are trying to get started, that they won't feel quite so cocky*"—

to which Kindleberger replied on December 13, 1927 (K-22, R. 187):

"In the first place, let me assure you that in all their scheming and confidential stuff, they have never reckoned what 'trump cards' we hold in our hand. We have been keeping our ears close to the ground, listening and doing a lot of thinking, and *a few days ago we started the wheels agoing to do the very thing that you suggest in your letter.*

"New price lists are being figured now. These lists are all being figured to take effect January 1st. This also you want to keep to yourself and don't tell it to your very, very best friend. It might be a good thing to destroy this letter after you read it, so it won't get into the files.

* * * * * * * *

"*While it may appear that it is going to be a disturbing situation for a little while, you can rest assured that it will not last long.*"

Cashmore attempted at first to pretend that the simultaneous drop in price on January 2d by the three associates

was without communication among them. When asked to give an explanation of how it happened, he said:

> "[He] does not wish to express the thought that the other members of the Association dropped [their prices] at the same time by a coincidence. The way it happened was that Cox [Paterson's Chicago salesman] advised witness that he heard in the Trade that Kalamazoo was coming down at the first of the year. Witness did not ask the others what they were going to do because it wasn't any of his business what they were going to do. He found out through Cox" (Cashmore, R. 485).

Later he abandoned this theory and admitted that Southon in a telephone conversation "two or three days after Christmas" "said that they were coming down in their prices one cent a pound" (Cashmore, R. 512). He admitted, as well, that he had had a telephone talk with Southon on December 17th with reference to a reported cut in prices by Story (Cashmore, R. 512).

Southon testified that after the December meeting he had no recollection of any specific conference with Cashmore or Moyer by meeting or by telephone during December until just prior to Christmas, when he called by telephone from his home, first Moyer, and then Cashmore; that this was the first time he had spoken with either since the Cincinnati meeting; and that he then informed them that, effective January 2d, Kalamazoo was going to reduce its price 1 cent a pound. He does not remember what either replied (R. 528-529).

That Southon talked with Cashmore on the telephone on December 17th appeared from documentary evidence.

On December 19th Cashmore wrote Cox as follows:

> "I have your letter of the 17th in reference to Tommy Koch going with the Story Parchment Company.

"Saturday night, *I got this information from the West by telephone* adding further that it was understood that Story had reduced the general price ½¢ a pound" (P-299, R. 193).

The fact that this call was on Saturday, the 17th; that it was on Monday, the 19th, that West Carrollton sent its manuscript of the price list to the printer (Moyer, R. 540); that it was on December 15th that Southon had sent his own revised manuscript to the printer (Southon, R. 530); that on the 17th (as Cashmore admits) Southon passed on to him the report of a Story cut of ½ cent a pound, the basis of which seems to have been Greenlee's letter of December 12th (K-21, R. 183-184) suggesting a reduction of 1 cent a pound (R. 185); and that on Monday, December 19th, Cashmore, when he wrote to Cox the information which Southon had given him Saturday on the telephone, added: "It may be that we shall have to do something to offset it before long" (P-299, R. 193, at 194); all these furnish an indubitable basis for the inference that on December 17th the three associates, having been in telephonic communication, agreed together to reduce the price 1 cent a pound on January 2d in a concerted attempt to break the force of Story's competition: in the graphic language of Greenlee, to give them "a run for their money right now when they are trying to get started" (K-21, R. 183, at 186); or, in Kindleberger's even more forceful language, to arrange that Story should "get a wallop that will put their lights out" (K-22, R. 187). The defendants, to use Kindleberger's own figure of speech, were playing their "trump cards," which Story "never reckoned . . . we hold in our hands" (K-22, R. 187).

On January 2, 1928, Paterson, Kalamazoo, and West Carrollton all reduced their basic prices 1 cent a pound (16¢ to 15¢ on 40- and 50-lb. substance), the notices of all three companies going out the same day (P-11*a*, R. 197; P-12, R. 197; P-13, R. 199; K-359, R. 199; K-360, R. 199; W-109, R. 200).

Kalamazoo's notice of the reduction was mailed on January 2d (Southon, R. 529). Kalamazoo's detailed price list (K-329, R. 472), although sent in a completed form to the printer December 15th (Southon, R. 530), apparently was mailed out a few days after the January 2d notice (K-360, R. 199, at 200; "Revised price lists . . . will be ready for you in a few days").

West Carrollton's notice was sent out about January 2d with the detailed list which had been already prepared (Moyer, R. 540, and see W-109, R. 200, West Carrollton's letter of announcement, stating: "You will find enclosed copy of our new price list").

Paterson mailed out a January 2d notice on the 3d, but did not complete its detailed list until January 9th (Cashmore, R. 482).

When the basic price was determined, "all the other prices were built up from those according to size and amount." There was a regular way of computing the other prices (Cashmore, R. 478). These "differentials are calculated according to well known methods" (Leonhard, R. 473).

A glance at the price lists which are submitted as exhibits to this Court (R. 471-472) shows that detailed figuring was necessary to complete these lists. There were, therefore, some slight and inconsequential variations in the results reached by the three different companies. Cashmore, asked to figure the proportion of their business in these items where there were slight price differences, testified that it might run to 2% of Paterson's gross sales (Cashmore, R. 517).

The evidence which we have already recited shows irrefutably that the occasion and purpose of the reduction was to deliver a blow to the new Story Company. The whole discussion of price reduction centered around the Story competition. The only change in economic conditions affecting the three which had occurred was the entry of Story into competition with them.

Of course to the trade the defendants could not concede the real purpose of the reduction, so in the notice which Kalamazoo sent out it was untruthfully stated:

> "On account of the reduction in the price of rags and some items entering in to the manufacture of this paper, and the increased efficiency of our Manufacturing Department, we are able to do this" (K-360, R. 199, at 200).

And, similarly, Mayer of the Paterson Company sent a house letter to all salesmen on January 9th as follows:

> "Several of our salesmen have asked what reply they should make when questioned by the trade as to the reason for the recent price reduction, and I have suggested the following:
>
> "We are constantly striving to lower the price of Parchment Paper and whenever we feel that it is possible for us to do this we put the reduction into effect at once. *It is just a coincidence that the Story Parchment Company happens to be in the field this year when the reduction came about.* However, last year on December 11th there was a reduction of $20.00 a ton, and also the year previous on December 23rd a similar reduction. It is our constant effort to save on overheads and cost of production and whenever this is accomplished the saving is passed on to the trade. We realize that the lower we can get the Parchment price, the more paper will be consumed and find its way into new fields" (P-329, R. 214).

The comment on this explanation by Paterson's chief salesman, Cox, is illuminating:

> "Acknowledging your letter of Jan. 9th suggesting what to say when the Trade asks why we made our recent price reduction. It happens George that *we had framed up almost an identical explanation.* I had in

> mind doing this from the first, and then when KVP's letter came out—I sent a copy of it to Mr. Cashmore—and we found they were giving a similar explanation, we simply lined up on the proposition" (P-330, R. 219).

According to the defendants' information, this explanation did not deceive the trade. The reduction was no sooner announced than West Carrollton's salesman, Moody, wrote to Moyer:

> "Ruf [Cudahy's buyer] greeted me this morning with a large grin on his face—said '*What are you fellows going to do, put that new company out of biz?* We were going to place all our biz with them through the Institute and now you have cut under their price'" (W-25, R. 200)—

a comment which Moyer allowed to go unanswered.

(C) *Analysis of Evidence of Concerted Action in the Reduction of One Third in the Price of Small Printed Butter Wrappers, after the Meeting of May 14th.*

From the beginning of the Story enterprise a considerable part of its business had been in small printed butter wrappers—¼- and ½-pound wrappers—up to 63 square inches, 7 by 9. These they were selling at the list price (Goldmann, R. 558). About the middle of March, Story's Chicago salesman, Koch, made an erroneous quotation for so-called Clover Bloom wrappers to Armour & Company, and after some controversy the plaintiff compromised with that company by making a price of 53 cents for wrappers which were listed at 59 cents (Goldmann, R. 575). The evidence did not disclose that the Story Company made this price for its wrappers with any other customers. Indeed, the evidence is that they were selling their products at list until they went out of business, except for the allowance to the Institute of 2½% (Goldmann, R. 558).

Armour's business up to this time had gone principally to the Kalamazoo Company, and in part to West Carrollton.

On May 1st Greenlee wrote Kindleberger stating that he understood that the Story Company were getting a big share of Armour's butter-wrapper business; that Armour's buyer, Lovelace, informed him that on the quarter-pound Clover Bloom and Supreme butter wrappers he had a price of 53 cents per M, or just 5 cents under Kalamazoo's price.

On the same date Cox wrote Cashmore a long letter beginning:

> "Mr. Greenlee is reporting to his Mill tonight in substance as follows: . . ."

There followed, in substance, the same explanation which Greenlee had made to Kindleberger. Cox added that he had seen Lovelace and that the latter had not mentioned this new arrangement, with this comment:

> "In view of the fact that we are not supplying butter wrappers to Armour, doubtless he thought that there was no particular occasion for discussing the matter with me. Therefore, I am able to report to you only on the basis of what Mr. Greenlee told me this afternoon. . . . we weren't getting any of this Armour Clover-bloom business so we are not hurt at the moment, but I cannot imagine what is to prevent Story going into Swift with a nice little proposition on their three color Brookfield" (P-392, R. 417-418).

On the following day Moody wrote to Moyer stating that Lovelace advised him that he would have to make a better price on butter wrappers, and saying:

> "I wish you would advise me at once what to say to Lovelace in regard to lower prices on butter wrappers" (W-82, R. 420, 421).

All three companies were notified, therefore, at practically the same time of Armour's receiving a reduced price on a certain parchment product. It is important to note what followed this situation.

Southon was apparently away when Greenlee's letter arrived, and Kindleberger acknowledged it, stating:

> "We will go over this as soon as Doc [Southon] gets back and will see what we can do in the matter" (K-192, R. 419).

Cashmore, whose company was not affected, wrote Cox that he feared "the same undercurrent will work toward Swift, . . ." and "Of course you understand that we are not letting Story take any account such as Swift if we can help it and we will, of course, meet it should Story start the ball rolling with Swift." He asked Cox: "keep your eyes on the works and your ears to the ground and advise us of developments" (P-393, R. 423).

Moyer wrote to Moody that he was—

> "not prepared to say right off the bat whether or not we can make a better price on butter wrappers. . . . frankly *I do not know just now but I am going into the subject and hope to advise you more definitely within a week or two.* Until then use your ingenuity to sidestep and just say that it is being investigated or that you are having it looked up or see what can be done" (W-86, May 3, 1928, R. 425, 426).

Greenlee wrote again to Southon on May 8th on the same subject (K-174, R. 431).

Southon, who had arrived home by the 9th, on that day wrote Greenlee as follows:

> "I have just finished reading your letter of May first, addressed to Mr. Kindleberger and also your letter of May 8th addressed to me relative to the above mentioned subject.

"I am going to ask you to leave this matter in abeyance for a few days until after I can see what can be done.

"I think by *the early part of next week* we shall be in a position to tell you definitely what can be done" (K-364, R. 432).

The following telegrams were then exchanged between Southon and Dohan:

"Can arrange to be in New York or Philadelphia Saturday Please wire" (K-239, R. 434).

"Have arranged meeting ten o'clock day light McAlpin Hotel New York next Monday stop Wire at once if not satisfactory" (K-240, R. 434).

"Arrangements are satisfactory will see you Monday" (K-241, R. 434).

"This will confirm my telegram of this morning advising you that the arrangements which you have made for a *meeting next Monday on the Import situation** are satisfactory to me.

"I will leave Kalamazoo Sunday noon and will arrive in New York about nine o'clock Monday morning" (K-242, R. 434).

Monday was the 14th. On that date the three members of the Parchment Association met with Dohan at the McAlpin Hotel in New York (Cashmore, R. 480; Southon, R. 534).

Cashmore testified that "there was no agreement" that they would all cut the price of printing on these small sheets by one third; that they did not speak of making a cut in the price of printing or reducing the price at that meeting

* Leonhard, general manager of Paterson, had testified that the association among other things discussed prices (R. 474), and Cashmore testified that the term "imports" was "a term in the nature of a fiction" to express the generic character of his (Dohan's) services, that it originated in "just a common suggestion of the group" (Cashmore, R. 480).

(Cashmore, R. 481); that Southon said they (Kalamazoo) were going to reduce in order to save their business on these small sheets, which were being sold in large quantities by Story at a lower price; he (Cashmore) replied that "Paterson could not help but do the same thing if Kalamazoo did it;" he does not know what Moyer said (Cashmore, R. 481); nevertheless, "Each went home and reduced on this one third," and "This price on smaller sizes was made more specific to hit the exact price and exact size which Story was selling and to meet their competition" (Cashmore, R. 481).

Southon testified that the meeting lasted about three hours; that Story competition was not discussed "any more than it had been before"; that it was "just a matter of relation of experiences."

"Q. Particularly with reference to printing prices? A. I think regarding everything.

"Q. Did you mention printing prices? A. I think I myself mentioned printing prices.

"Q. Do you remember what you said about it? A. Not definitely, no.

"Q. Do you remember anything that any of the others said about it? A. I don't think they said anything.

"Q. Do you recollect anything that was said at that meeting by any one of you? A. No, I believe at that meeting it was I made the statement that we were experiencing—by 'We' I mean Kalamazoo—some very mean competition from Story on a small butter wrapper—printed butter wrapper—and that the buyers were just in their glory to think they could Jew us down on the price and that because of the fact that we had always carried in stock large quantities of those butter wrappers, that we were going to meet Story's price on them.

"Q. What did they say? A. They did not comment.

"Q. Do you remember anything else that was said? A. No, I don't recall anything definitely.

"Q. By anybody? A. No.

"Q. On any subject? A. No; we just talked about matters in general and I don't recall now what they were.

"Q. Did Mr. Cashmore say that they had met with similar competition in the butter wrapper business? A. I don't recall him saying so.

"Q. Did Mr. Moyer? A. I don't recall him saying so.

"Q. You carry no impression in your memory as to whether they said anything about such competition? A. I have no recollection of either of them saying anything about it.

"Q. . . . did either of them say anything as to their reducing the prices of butter wrappers? A. No.

"Q. What did you understand was the purpose for which the meeting was called? A. At that particular time?

"Q. Yes. A. I don't recall.

"Q. Well what result did you understand that the meeting accomplished? A. I don't know as it accomplished any particular result. We merely discussed matters generally relating to the industry.

"Q. But you cannot remember anything more about anything that was said than you have already stated? A. Not definitely" (Southon, R. 534-535).

Moyer testified that at the meeting he told the others that "Armour had notified West Carrollton that unless they made a better price on printed parchment, and quarter-pound wrappers especially, they were going to take the business away from them; that Story was making better prices and they could not afford to pay more. Southon said they had brought the same proposition up to them. Cashmore did not say anything. Witness does not think at that time it hit him. . . . Cashmore did not say at the meeting

that Paterson would reduce its prices on printing. Southon said Kalamazoo was going to make a new panel for sizes under 63 square inches, at a lower price. He stated what the price was to be. Witness did not state that he was going to do likewise, but *he made a mental note that he was going to do so,* because he could not do otherwise if they cut the price. He did not communicate to the others in any kind of language or gesture that he was going to make that reduction but he made it as soon as he got home" (Moyer, R. 544).

While all three witnesses thus tried to create the impression that there was no agreement to make a price reduction, their testimony is incredible in view of what immediately followed.

The price reduction made by all three companies following the meeting was identical. It formulated a new bracket for sizes up to and including 63 square inches. These had previously been included in sizes up to 117 square inches, which made a reduction of about 6 cents a thousand on printing on the maximum quantity, and as the former price was 18 cents it was a reduction of one third. It was applicable only on sizes up to and including 63 square inches (Cashmore, R. 480; P-10, R. 471; K-331, R. 472; Moyer, R. 544; Goldmann, R. 558).

Southon admittedly declared his decision at the meeting, and he went immediately home after the meeting—"within a day or two" (Southon, R. 535). Kalamazoo's notice of the reduction went out with an "effective" date of May 15th (K-331, R. 472).

Moyer admitted that at the conference "he made a mental note" that he was going to make the same reduction (Moyer, R. 544); that he made the reduction "as soon as he got home," and sent out his notice "as soon as he could print it after getting home." It "went out May 17" (Moyer, R. 544), although the covering letter to the salesmen is dated May 21st (W-113, R. 459).

There seemed to be an effort on the part of both Cashmore and Moyer as witnesses to make it appear that Paterson did not make the reduction until May 24th, ten days after the meeting. Cashmore so testified at first: "On May 24th Paterson cut these printing prices one third" (Cashmore, R. 480). Moyer, when asked if it came to his attention that Paterson's notice "was effective May 14," thought "that that is wrong by ten days" (Moyer, R. 544), apparently adopting Cashmore's previously given evidence. But, if Cashmore's testimony means anything more than that the new printed list was sent out on that date, it was flatly contradicted by documentary proof. The list bears an effective date of May 14th, and the company's order to its printer accompanying the price list showed date of May 18th, which forced Cashmore to acknowledge that his figures had been completed at least as early as that date (P-10, R. 471; Cashmore, R. 517). A letter from Cox to Cashmore dated May 19th says:

> "*In your letter of May 16th, with which you sent me new printing prices 63 square inches and under,*" etc. (P-441, R. 450, 451)—

and another letter from Cox, to Cherry Company, written the 16th, proves that he had received notice by telephone on that day from Passaic that the price reduction had been made:

> ". . . just before I started to dictate this letter, *I was on the phone with Passaic and was informed that a new bracket has been created in our Printing List.* Bracket B is divided into two parts the 1st will be up to and including 63 square inches, and the second exceeding 63 square inches up to and including 117 square inches. The latter will have the same prices now appearing in Bracket B. I have not the complete details of the new bracket up to and including 63 square inches, but there will be a substantial reduction.

"For example, one million quantities will be

One color	12¢
two colors	20¢
three colors	25¢

as against 18¢ 25¢ and 32¢ as formerly" (P-407, R. 441, 442).

(D) *Plaintiff did Not Lead in Price Reductions.*

Defendants' brief lays great stress upon the argument that it was the plaintiff which started the price cutting and throughout led in making price reductions. This is not the fact (Deft. Br. 13-16).

Defendants' statement in their brief (p. 13) that "Prior to each . . . reduction, Story had broken the price below the wholesale price of any defendant" is particularly misleading. Plaintiff from the outset adopted both the wholesale and retail lists of the defendants, but their competition was entirely in the wholesale field and dealt entirely with wholesale prices.

All that there is to justify the defendants in their contention that Story was the first to cut prices is that it offered a commission of 5% to jobbers and extended this offer, or a commission of 2½%, to certain associations of consumers which had set up an organization to buy for its members.

We are not ourselves impressed by the distinction between a discount and a commission when either is allowed to a purchaser.

If it makes any difference, however, it is to be noted that Story's officers did genuinely believe that the allowance made should be termed a commission rather than a discount. The sales policy adopted by the plaintiff company immediately upon its organization was to sell at wholesale only, and exclusively through jobbers and to the buying organizations of trade associations, and not directly to consumers. As they intended to employ no sales agents, they

regarded the jobbers as their agents and entitled to the compensation which agents would receive (Goldmann, R. 547).

This was not a new practice in trade and commerce in parchment. The three established companies did the same thing. Paterson allowed a commission or discount to fourteen different jobbers in 1927, and to three additional jobbers beginning January 1, 1928 (Cashmore, R. 503-504). Moyer allowed a commission to Sills, a jobber in New York, although he objected to stating its amount (Moyer, R. 538). There is no direct testimony as to Kalamazoo's practice in this matter, but it must have known that such an arrangement existed on the part of the others, if it did not itself have similar agreements with jobbers.

All the defendants, moreover, had always allowed a discount of ¼ cent a pound to the big packers, commonly referred to as the Big Four—Cudahy, Armour, Wilson, and Swift—and perhaps to others (see K-21, R. 183, 185, letter of December 12, 1927, Greenlee to Kindleberger, "but still give the '*six*' now on the *special list* their ¼ cent per lb. reduction, . . .").

What Story did, however, and what seemed monstrous to the defendants, was to offer the 5% commission or discount *to all jobbers*, to some of whom the defendants did not extend it, and to offer a 2½% on all purchases made through the American Institute of Meat Packers, which was an association of all the meat packers, one function of which was that of a collective buying agency (Goldmann, R. 550; *cf.* P-321, Cox to Cashmore, February 18, 1928, R. 304, attaching list of members of the American Institute of Meat Packers, P-321*b*, R. 306).

The list prices which the plaintiff at first adopted were those which were shown in price lists of the defendants effective December 11, 1926 (S-1, R. 472; Goldmann, R. 548-549). The defendants were so informed by their sales agents (W-6, R. 127; K-12, R. 137; P-296, R. 137-138; W-11, R. 141-142; K-15, R. 161, 162).

When the price reduction of January 2, 1928, was made by the associated companies, it came upon Story like "lightning out of a clear sky." They had no idea that it was coming. They immediately held a hasty conference and made their own announcement of January 4th (Goldmann, R. 553; see also S-3, R. 472). Story's price bulletin was dated January 7th and its detailed price list was sent out on January 15th or a little later. The new prices were practically the same as those of the three other companies (Goldmann, R. 554).

An example of the progress of price reduction in the months of January and February, 1928, is shown in the following table, based upon a price of 40-pound substance, the basic weight.

Price of 40 lb. substance, the basic weight.

January 2d list price	.15
Price given by the defendants to the Big Packers (list minus ¼¢)	.1475
List price minus 2½% given by Story to members of the Institute including the Big Packers (see S-4, R. 236)	.1462½
Defendants' price, effective February 11th to Institute members not the Big Packers (adopting Story's price)	.1462½
Defendants' price announced February 11th to Big Packers (list minus ¼¢ minus 2½%)	.1438
Defendants' price, effective February 29th, to members of the Institute not the Big Packers	.1425
Defendants' price, effective February 29th, to Big Packers (list minus ¼¢ minus 5%)	.1401

It will thus be seen that about February 11th the defendants adopted Story's price to all members of the Institute, but to the Big Packers gave a price .0024½ under Story's, and that at the end of February they announced a price to

all members of the Institute of .0037½ under Story's and to the Big Packers .0051½ under Story's price.

While, therefore, the defendants talked in their letters about "meeting" Story's price, it will be seen that they unitedly adopted prices under Story's.

VII.

The judgment of the Court of Appeals should be reversed and the judgment of the District Court for plaintiff should be affirmed, there being no merit in other assignments of error.

As this case is before the court on writ of certiorari, this Court may dispose of all questions and determine the case on the record. This procedure is particularly appropriate to the case at bar as the only assignments of error of defendants which were not discussed in the opinions of the Court of Appeals are mere minutiæ.

(1) The second assignment of error (R. 607)—that the court denied defendants' motion to set aside the verdict—presents no question for review. *Boston & Maine R.R.* v. *Dutille,* 289 Fed. 320, 324 (C.C.A. 1).

(2) The third assignment of error (R. 607) relates to a portion of the charge of the court permitting the jury to find whether plaintiff was damaged through being compelled, in order to carry on business, to sell at the reduced prices fixed by the defendants. The conditions precedent to such a finding were very carefully stated. The court also instructed the jury that such damage could not be recovered unless they found that the price prior to defendants' reduction was a reasonable price. The exception as stated by defendants (R. 604) did not question the rule of law as stated by the court, but rather the applicability of the rule to the evidence in the case. That furnishes no basis for claiming reversal on the ground that the charge was incorrect in law. *United States* v. *U.S. Fidelity & Guaranty Co.,*

236 U.S. 512, 529. Furthermore, the question of law was fully considered in the Court of Appeals in connection with the first assignment of error (R. 618), and defendants' counsel in the Court of Appeals treated it as a matter involved in the first assignment.

(3) The fourth assignment of error (R. 607-608) relates to a portion of the charge of the court dealing with damage through diminution in value of plaintiff's property. Counsel for defendants suggested that such damage could not be allowed unless the jury found that, if there were no combination, the plaintiff would have been able to go on in business, would have had an active business. The court agreed to this. The defendants' counsel still saved an exception (R. 604-605), but the exception, here again, was directed, not to the rule of damages, but to the jury's being permitted to apply that rule to the case. Furthermore, the question of law involved in this phase of the charge was fully considered by the Court of Appeals and discussed in the opinions.

(4) The fifth assignment complains of the trebling of damages (R. 608). That is plainly provided by the Sherman Act (July 2, 1890, c. 647, sec. 7).

(5) The sixth assignment complains of witness Goldmann of the plaintiff company being permitted to state the fair market value of the plant on June 1, 1928 (R. 608). He was the treasurer and general manager of the company throughout its history. He negotiated the purchase of the factory site, the contracts for the construction of the building, the purchase of the parchmentizing machine and all other equipment. He approved every purchase, knew costs. He testified he was able to estimate the value of the plant, and there was nothing to show he was not able to do so. An owner may testify as to the value of his property and the witness was sufficiently representative of the owner. Any witness personally sufficiently familiar with property to give an opinion of its value, may testify as to its value. The

court was amply justified in permitting the witness to give his opinion. *Montana Ry. Co.* v. *Warren,* 137 U.S. 348.

(6) The seventh assignment of error (R. 608) relates to an answer which merely fixed the time when witness learned of a prospective cut in price, as to which he had already testified. Moreover, no objection was made until after it had been answered and a new question was being asked. It was within the discretion of the court as to whether the question and answer should be stricken when no prior objection had been made to the answer. *Rich* v. *Rogers,* 250 Mass. 587, 589. *N.Y. Life Insurance Co.* v. *Rees,* 19 Fed. (2d) 781.

(7) The eighth assignment (R. 608) involves an objection to a witness's being permitted to state his conversation with Moyer. Moyer was general manager of the West Carrollton company, one of the three conspirators. The declarations of each conspirator, if in furtherance of the conspiracy, are admissible against all. *Hitchman Coal & Coke Co.* v. *Mitchell,* 245 U.S. 229, 249.

Furthermore, this conversation, just as the witness narrated it, went into evidence without objection, in two letters (R. 444, R. 446).

(8) The ninth assignment (R. 608) sets forth the denial of the defendants' motion to enter verdict for defendants and defendants' motion for judgment for defendants. We have pointed out the manifest errors of the Court of Appeals in ordering judgment for the defendants.

We submit, therefore, that this Court should affirm the judgment of the District Court.

Respectfully submitted,

EDWARD O. PROCTOR,
ISADORE LEVIN,
EDWARD C. PARK,
Counsel for Plaintiff-Petitioner.

FILE COPY

MAR 15

Supreme Court of the United States

October Term, 1929

No. 57

STORY PARCHMENT COMPANY,
Petitioner

v.

THE PATERSON PARCHMENT PAPER COMPANY
and
KALAMAZOO VEGETABLE PARCHMENT COMPANY
Respondents

BRIEF FOR RESPONDENTS IN OPPOSITION TO PETITION FOR CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE FIRST CIRCUIT

EDWARD F. McCLENNEN
JOSEPH M. DOHAN
For Respondents.

March 14, 1930.

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SUPREME COURT OF THE UNITED STATES

STORY PARCHMENT COMPANY,

Petitioner,

v.

THE PATERSON PARCHMENT PAPER COMPANY

and

KALAMAZOO VEGETABLE PARCHMENT COMPANY,

Respondents.

BRIEF FOR RESPONDENTS

The petition of the plaintiff Story Parchment Company for certiorari, should be denied because: —

1. There are no special or important reasons for exercising the sound judicial discretion to grant this writ in this case.

2. There is no evidence that the plaintiff was injured by the acts of the defendants.

3. The plaintiff has had a trial by jury which has resulted in a verdict for the defendants which calls for judgment for the defendants.

4. There is no evidence that the defendants' acts were a combination to monopolize or to restrain trade.

1. THERE ARE NO SPECIAL OR IMPORTANT REASONS FOR EXERCISING THE SOUND JUDICIAL DISCRETION TO GRANT THIS WRIT IN THIS CASE.

The decision of the Circuit Court of Appeals for the First Circuit January 23, 1930 is not in conflict with the decision of any other Circuit Court of Appeals. It is not a decision on any question of local law. It is not a decision on a question of general law. On the contrary, it is a decision concerning the absence of evidence in the particular case. It is not an untenable decision. It is not in conflict with the weight of authority. On the contrary, a decision for the plaintiff would be in conflict with the weight of authority and with the principles already settled by the decisions of the Circuit Courts of Appeal and of this Court. The decision is not a decision on an important question of federal law. It is not a departure from the accepted and usual course of judicial proceedings. (Rules of June 5, 1928, No. 38, Paragraph 5, p. 31.) In short, it is a right decision on the evidence presented in the particular case.

2. THERE IS NO EVIDENCE THAT THE PLAINTIFF WAS INJURED BY THE ACTS OF THE DEFENDANTS.

The plaintiff has suffered the consequences of attempting to enter an overcrowded industry with insufficient capital. Not only is this unanswerably shown by the evidence introduced by the plaintiff, but also there is no evidence whatever that the plaintiff's losses flowed from a combination of the defendants even if it be assumed that there was such a combination.

The plaintiff claims that its losses were due to a combination of the defendants to reduce prices.

If the plaintiff was injured by a reduction of prices, it was injured by its own reduction of its own prices and not by a combination of the defendants to reduce the defendants' prices.

There is no evidence whatever that the *plaintiff* in the effort to get trade would not have reduced prices just as much as it did reduce them even if the defendants had not combined to reduce prices.

There is no evidence whatever that the *defendants severally*, in their effort to meet the plaintiff's competition, would not have reduced prices just as much as they did reduce them even if the defendants had not combined.

There is no evidence whatever that if the plaintiff had not reduced prices the plaintiff would have succeeded in business or that it would have avoided the insolvency and cessation of business which it encountered.

There is no evidence whatever as to what amount of goods the plaintiff would have sold if the plaintiff had not reduced its prices.

The inevitable logical conclusion from the evidence which was introduced, that the plaintiff would not have succeeded, adds emphasis to the total absence of any evidence to the contrary. This is emphasis only. The controlling fact is the absence of any evidence to support the plaintiff's contention.

The plaintiff, ignoring this lack of evidence, contends for two elements of damages, namely, (1) the difference between the amount which the plaintiff received for its parchment and the amount which it would have received

for this parchment if it had sold this parchment at the prices at which the defendants were selling before the reductions and in the claimed amount of $20,000, and (2) the difference between the value of its plant which had cost $235,000, and the estimated value of this plant when this suit was begun June 3, 1928, $75,000. If no one of these two items in some ascertainable amount was proved as the incurrence due to a combination of the defendants, no injury to the plaintiff was shown.

It is a guess, only, and an impossible one even so, that these losses resulted from the combination.

A guess, however probable, is not enough. Damages resulting from the defendants' unlawful acts and in an amount susceptible of expression in figures proved by facts from which their existence is logically and legally inferable and not supplied by conjecture, is an essential element of a cause of private action under the Anti-Trust Acts.

> *Keogh* v. *Chicago & Northwestern Ry. Co.*, 260 U. S. 156, 165, Semble.
> *American Sea Green Slate Co.* v. *O'Halloran*, (C.C.A. 2d), 229 Fed. 77, 80.

What larger sum the plaintiff would have made between November 1, 1927, when it began business, and September 1, 1928, when it had ended, if conditions had been different from what they were, is too speculative to warrant a recovery.

> *Two cases just cited.*
> *Sussex Land & Live Stock Co.* v. *Midwest Refining Co.*, (D. C. Wyo.) 276 Fed. 932.
> *Chicago Life Ins. Co.* v. *Tiernan* (C.C.A. 8th) 263 Fed. 325.
> *McCornick* v. *U. S. Mining Co.* (C.C.A.8th) 185 Fed. 748.
> *Central Coal & Coke Co.* v. *Hartman*, (C.C.A.8th) 111 Fed. 96.

The fact that one manufacturer could make profits in a given line of business is not evidence that another in the same line with equal advantages would do so.

> *Keystone Mfg. Co.* v. *Adams*, 151 U. S. 139.

Disbelief of evidence is not proof of the contrary.

Northern Railway Co. v. *Page*, 274 U. S. 65, 75.

As to the two elements claimed, there was a total absence of evidence of the essentials following: —

(1) There is no evidence that the plaintiff could have sold the same amount of goods at the higher prices. It is inconceivable that the plaintiff could have sold exactly the same amount of goods at the higher prices. There is no evidence of what amount it could have sold. There is nothing on which to base a guess.

(2) There is no evidence that the plaintiff would not have reduced its prices somewhat and even as much as it did, if the defendants had not combined. On the contrary, on the plaintiff's own evidence, for the purpose of getting trade the plaintiff had made its own discounts, concessions, reductions and cuts before those made by any of the defendants and plaintiff continued to make them thereafter.

(3) There is no evidence that the plaintiff's reduction of prices was due to the defendants' combination. The plaintiff's own evidence shows the contrary, and that the plaintiff led the field over the declivity.

(4) There is no evidence that even if the plaintiff's reductions were due to the defendants' reductions, they, in turn, were due to the defendants' *combination*. On the contrary, when the plaintiff, according to its own evidence, started the price war, it is incontrovertible that each defendant for its own preservation would have made the reductions even if they had not combined to do so.

(5) There is no evidence that prices will not be reduced by competitors even if the prices theretofore are reasonable. (*Keogh* v. *Chicago & Northwestern Railway Co.*, 260 U. S. 156, 161.) In the price war which the plaintiff projected, the probability that the reductions would have been made, adds emphasis. Combination may be thought a necessary protection for an increase of prices whereby one of the combiners might otherwise lose trade to the other. No such protection by com-

bination is required for the safe reduction of prices. Properly analyzed, plaintiff's contention really is that it had acquired a vested right (R. 618) to have the defendants continue to combine to keep up prices.

(6) There is no evidence of any damage except that "the plaintiff had sustained a loss as a result of its unsuccessful attempt to break into the vegetable parchment industry." (R. 598)

(7) There is no evidence of what the plaintiff's plant would have been worth June 3, 1928 if the defendants had not combined, and, therefore, no evidence of the diminished value of that plant because of any combination. This is true even if it be assumed that the cost of $235,000 measured its value to a prosperous concern and that $75,000 measured its value to a dying concern.

(8) There is no evidence that the plant would have been worth more than $75,000 to a dying concern.

(9) There is no evidence that the plaintiff could have survived under any circumstances. On the contrary, the plaintiff's evidence showed no prospect of success. At best, plaintiff's business did not exceed one-half its capacity (R. 560). There is no evidence that the plaintiff's bulk of business was diminished by reductions in prices because the plaintiff's evidence is that the plaintiff met the reductions and did so before they were made and so lost no trade because of keeping up prices. There is no evidence that if the plaintiff had done the same bulk of business at the old prices the plaintiff's gross return would have been increased more than the $20,000 above claimed.

(10) There is no evidence that $20,000 would have been enough to save the plaintiff from financial disaster. The plaintiff's own evidence showed the contrary. The plaintiff's entire capital was $204,000 (R. 547, 578). The plaintiff's plant cost $235,000 (R. 563), or more than $30,000 in excess of the plaintiff's capital. Therefore the plaintiff's working capital was a deficit of $30,000. By the Fall of 1928 the plaintiff was a judgment debtor for $135,000 (R. 593). There is no evidence that $20,000 more gross income would have saved this situation.

(11) There is no evidence that in June, 1928, under any circumstances there would have been a prosperous concern available to use the plant.

(12) There is no evidence that under any circumstances the plant would have had a market value in excess of $75,000 in June, 1928. Three-fourths of the expense for this plant was for machinery and equipment for this specialty (R. 579).

(13) There is no evidence that the plaintiff sustained any loss except the natural consequence of an attempt to go into an overcrowded industry where there was no prospect of success (R. 522, 583).

(14) There is no evidence that the plaintiff's loss did not result solely from an unwise investment.

(15) There is no evidence that the plaintiff could have made a financial success.

(16) There is no evidence that the plant which the plaintiff has, is not just as valuable as it ever was.

(17) There is no evidence that the reductions in prices were not the natural consequence of the plaintiff's act when "its first effort to obtain trade was to deal direct with the large packers and jobbers and offer a five per cent. discount on the prices then offered by the defendants" (R. 615).

(18) There is no evidence that the plaintiff's loss was not due to the fact that, although the plaintiff or those who organized it knew (R. 615) when it entered the field that there were only three manufacturers in the field who sold at a uniform price and that there was an overcapacity and no prospective increase in demand in excess thereof, they entered the field with a price-cutting war which would inevitably bring price reductions by competitors whether they combined or not.

(19) There is no evidence that the plaintiff's losses, however described, were anything but a failure to get larger future improbable profits from the hoped-for operations of a business which never was established and had no experience measurement.

(20) There is no evidence that if there was no combination, the existing prices would have remained stable or even reasonable under the onslaught of the plaintiff's price-cutting competition.

(21) There is no evidence that each defendant would not, independently of the other, under the rule of self preservation, have reduced prices to meet the plaintiff's competition as much or more than they were reduced.

(22) There is no evidence that lifts the relation between the plaintiff's loss and the combination of the defendants above an impossible guess.

3. THE PLAINTIFF HAS HAD A TRIAL BY JURY WHICH HAS RESULTED IN A VERDICT FOR DEFENDANTS WHICH CALLS FOR JUDGMENT FOR THE DEFENDANTS.

The plaintiff introduced before a jury all the evidence that there was to show that the defendants were liable. That evidence was, as matter of law, insufficient to show any liability on the part of the defendants. Therefore, the defendant is entitled to a verdict. Under these circumstances, and expressly, "the jury find for the defendant" (R. 13).

The Constitution does not give a right to two jury trials.

When a jury has found for the defendant, the proper order is a judgment for the defendant.

In *Northern Ry. Co.* v. *Page*, 274 U. S. 65, judgment had been ordered for the defendant on an alternative verdict (67). In the case at bar, the District Court should have made the same order. In the case cited the Circuit Court of Appeals vacated the order and directed judgment for the plaintiff (68). This Supreme Court reversed that judgment (75). The case went to judgment for the defendant. The decision is a conscious one (67) that inasmuch as under the circumstances the jury has given a verdict for the defendant, judgment should be entered for the defendant.

4. THERE IS NO EVIDENCE THAT THE DEFENDANTS' ACTS WERE A COMBINATION TO MONOPOLIZE OR TO RESTRAIN TRADE.

The decision of the Circuit Court of Appeals is that on the evidence the plaintiff was not entitled to a verdict. The stated basis for this is that the plaintiff has not proved any damages resulting from the defendants' acts. The decision is right, also because the plaintiff's evidence does not establish that the defendants combined to restrain or to monopolize trade. The Circuit Court of Appeals in its opinion decides this question adversely to the defendants. It is respectfully submitted that it should be decided otherwise.

The record is an extensive one. As brief a comprehensive statement of all the evidence as can be made, is contained in the brief for the defendants in the Circuit Court of Appeals, pages 7 to 41 inclusive. These pages are filed herewith. If the Court is not convinced that the petition for certiorari should be denied for the reasons stated in the foregoing sections 1 and 2, the defendants respectfully request the Court's consideration of these pages 7 to 41 inclusive supporting this additional reason for which there should be a judgment for the defendants, namely, that there is no evidence, sufficient to go to a jury, that the defendants combined to monopolize or to restrain trade.

Respectfully submitted,

EDWARD F. McCLENNEN

JOSEPH M. DOHAN

Attorneys for Respondents.

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DEC 5 19

Supreme Court of the United States

October Term, 1930

No. 57

STORY PARCHMENT COMPANY,
Plaintiff-Petitioner

v.

THE PATERSON PARCHMENT PAPER COMPANY
and
KALAMAZOO VEGETABLE PARCHMENT COMPANY
Defendants-Respondents

BRIEF FOR RESPONDENTS

EDWARD S. McCLENNEN,
JOSEPH W. DORAN,
For Respondents.

November, 1930.

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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM 1930

No. 57

STORY PARCHMENT COMPANY
Plaintiff-Petitioner

v.

THE PATERSON PARCHMENT PAPER COMPANY
and
KALAMAZOO VEGETABLE PARCHMENT COMPANY,
Defendants-Respondents

BRIEF FOR RESPONDENTS

The plaintiff's petition attacks a judgment of the Circuit Court of Appeals for the First Circuit entered January 23, 1930 (R. 628) pursuant to an opinion of that Court (R. 613; 37 Fed. (2d) 537). This judgment vacated a judgment of the District Court in Massachusetts for the plaintiff, and directed the entry of a judgment therein for the defendants.

The action is at law to recover damages which the plaintiff alleges that it has suffered (R. 9) as a result of the alleged acts of the defendants and West Carrollton Parchment Company in pursuance of an alleged conspiracy to monopolize the interstate trade in vegetable parchment and to destroy the alleged established business of the plaintiff by the concerted reduction of prices (R. 8).

It is submitted for the defendants that the judgment of the Circuit Court of Appeals was right, because:—

First: There is no evidence that the plaintiff was injured by the acts of the defendants;

Second: There is no evidence that the defendants' acts were a combination to monopolize or to restrain trade;

Third: The plaintiff has had a trial by jury which has resulted in a verdict for the defendants which calls for judgment for the defendants.

The judgment of the Circuit Court of Appeals was based on the first of these contentions (R. 616). It should be affirmed for the second, also. The judgment for the defendants sustained the defendants' first assignment of errors (R. 607, 613, 621). If this judgment was vacated, the remaining five assignments of error would require consideration by the Circuit Court of Appeals. It is assumed that as these have not been considered by the Circuit Court of Appeals they should not be argued before this Supreme Court but that they would be remitted for consideration by the Circuit Court of Appeals, if the judgment of that Court was not affirmed.

The defendants offered no evidence. There was no issue for the jury to pass upon between the evidence introduced by the plaintiff and that introduced by the defendants. The evidence introduced by the plaintiff showed no case entitling the plaintiff to judgment.

FIRST

THERE IS NO EVIDENCE THAT THE PLAINTIFF WAS INJURED BY THE ACTS OF THE DEFENDANTS

Manifestly the plaintiff in this case has no cause of action under the statute unless it has been "injured in his business or property by reason of" a misdemeanor or crime committed by the defendants and of a character denounced by the statute.

United States Code, Title 15, §15, §1, §2.

It is not enough to show that the defendants did wrong. It must appear that the injury suffered by the plaintiff was caused by that wrong.

Atchison, Topeka & Santa Fe Railway Co. v. *Toops*, 281 U. S. 351, 354, 357.

Jack v. *Armour* (C.C.A. 8th), 291 Fed. 741, 745.

Unless there is more than a scintilla of evidence of this, the verdict should be directed for the defendants.

Gunning v. *Cooley*, 281 U. S. 90, 94, dictum.

The plaintiff has suffered the consequences of attempting to enter an overcrowded industry with insufficient capital. Not only is this unanswerably shown by the evidence introduced by the plaintiff, but also there is no evidence whatever that the plaintiff's losses flowed from a combination of the defendants even if it be assumed that there was such a combination.

The plaintiff claims that its losses were due to a combination of the defendants to reduce prices.

If the plaintiff was injured by a reduction of prices, it was injured by its own reduction of its own prices and not by a combination of the defendants to reduce the defendants' prices.

There is no evidence whatever that the *plaintiff* in the effort to get trade would not have reduced prices just

as much as it did reduce them even if the defendants had not combined to reduce prices.

There is no evidence whatever that the *defendants severally*, in their effort to meet the plaintiff's competition, would not have reduced prices just as much as they did reduce them even if the defendants had not combined.

There is no evidence whatever that if the plaintiff had not reduced prices the plaintiff would have succeeded in business or that it would have avoided the insolvency and cessation of business which it encountered.

There is no evidence whatever as to what amount of goods the plaintiff would have sold if the plaintiff had not reduced its prices.

The inevitable logical conclusion from the evidence which was introduced, that the plaintiff would not have succeeded, adds emphasis to the total absence of any evidence to the contrary. This is emphasis only. The controlling fact is the absence of any evidence to support the plaintiff's contention.

The plaintiff, ignoring this lack of evidence, contends for two elements of damages, namely, (1) the difference between the amount which the plaintiff received for its parchment and the amount which it would have received for this parchment if it had sold this parchment at the prices at which the defendants were selling before the reductions and in the claimed amount of $20,000, and (2) the difference between the value of its plant which had cost $235,000, and the estimated value of this plant when this suit was begun June 3, 1928, $75,000. If no one of these two items in some ascertainable amount was proved as the incurrence due to a combination of the defendants, no injury to the plaintiff was shown.

It is a guess, only, and an impossible one even so, that these losses resulted from the combination.

A guess, however probable, is not enough. Damages resulting from the defendants' unlawful acts and in an

amount susceptible of expression in figures proved by facts from which their existence is logically and legally inferable and not supplied by conjecture, is an essential element of a cause of private action under the Anti-Trust Acts.

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Keystone Mfg. Co. v. *Adams*, 151 U. S. 139.

Disbelief of evidence is not proof of the contrary.

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As to the two elements claimed, there was a total absence of evidence of the essentials following:—

(1) There is no evidence that the plaintiff could have sold the same amount of goods at the higher prices. It is inconceivable that the plaintiff could have sold exactly

the same amount of goods at the higher prices. There is no evidence of what amount it could have sold. There is nothing on which to base a guess.

(2) There is no evidence that the plaintiff would not have reduced its prices somewhat and even as much as it did, if the defendants had not combined. On the contrary, on the plaintiff's own evidence, for the purpose of getting trade the plaintiff had made its own discounts, concessions, reductions and cuts before those made by any of the defendants, and plaintiff continued to make them thereafter.

(3) There is no evidence that the plaintiff's reduction of prices was due to the defendants' combination. The plaintiff's own evidence shows the contrary, and that the plaintiff led the field over the declivity.

(4) There is no evidence that even if the plaintiff's reductions were due to the defendants' reductions, they, in turn, were due to the defendants' *combination*. On the contrary, when the plaintiff, according to its own evidence, started the price war, it is incontrovertible that each defendant for its own preservation would have made the reductions even if they had not combined to do so.

(5) There is no evidence that prices will not be reduced by competitors even if the prices theretofore are reasonable. (*Keogh* v. *Chicago & Northwestern Railway Co.*, 260 U. S. 156, 161.) In the price war which the plaintiff projected, the probability that the reductions would have been made, adds emphasis. Combination may be thought a necessary protection for an increase of prices whereby one of the combiners might otherwise lose trade to the other. No such protection by combination is required for the safe reduction of prices. Properly analyzed, plaintiff's contention really is that it had acquired a vested right (R. 618) to have the defendants continue to combine to keep up prices.

(6) There is no evidence of any damage except that "the plaintiff had sustained a loss as a result of its unsuccessful attempt to break into the vegetable parchment industry" (R. 598).

(7) There is no evidence of what the plaintiff's plant would have been worth June 3, 1928 if the defendants had not combined, and, therefore, no evidence of the diminished value of that plant because of any combination. This is true even if it be assumed that the cost of $235,000 measured its value to a prosperous concern and that $75,000 measured its value to a dying concern.

(8) There is no evidence that the plant would have been worth more than $75,000 to a dying concern.

(9) There is no evidence that the plaintiff could have survived under any circumstances. On the contrary, the plaintiff's evidence showed no prospect of success. At best, plaintiff's business did not exceed one-half its capacity (R. 560). There is no evidence that the plaintiff's bulk of business was diminished by reductions in prices because the plaintiff's evidence is that the plaintiff equalled or exceeded the reductions and did so before they were made and so lost no trade because of keeping up prices. There is no evidence that if the plaintiff had done the same bulk of business at the old prices the plaintiff's gross return would have been increased more than the $20,000 above claimed.

(10) There is no evidence that $20,000 would have been enough to save the plaintiff from financial disaster. The plaintiff's own evidence showed the contrary. The plaintiff's entire capital was $204,000 (R. 547, 578). The plaintiff's plant cost $235,000 (R. 563), or more than $30,000 in excess of the plaintiff's capital. Therefore the plaintiff's working capital was a deficit of $30,000. By the Fall of 1928 the plaintiff was a judgment debtor for $135,000 (R. 593). There is no evidence that $20,000 more gross income would have saved this situation.

(11) There is no evidence that in June, 1928, under any circumstances there would have been a prosperous concern available to use the plant.

(12) There is no evidence that under any circumstances the plant would have had a market value in excess of $75,000 in June, 1928. Three-fourths of the expense for this plant was for machinery and equipment for this specialty (R. 579).

(13) There is no evidence that the plaintiff sustained any loss except the natural consequence of an attempt to go into an overcrowded industry where there was no prospect of success (R. 522, 583).

(14) There is no evidence that the plaintiff's loss did not result solely from an unwise investment.

(15) There is no evidence that the plaintiff could have made a financial success.

(16) There is no evidence that the plant which the plaintiff has, is not just as valuable as it ever was.

(17) There is no evidence that the reductions in prices were not the natural consequence of the plaintiff's act when "its first effort to obtain trade was to deal direct with the large packers and jobbers and offer a five per cent discount on the prices then offered by the defendants" (R. 615).

(18) There is no evidence that the plaintiff's loss was not due to the fact that, although the plaintiff or those who organized it knew (R. 615) when it entered the field that there were only three manufacturers in the field who sold at a uniform price and that there was an overcapacity and no prospective increase in demand in excess thereof, they entered the field with a price-cutting war which would inevitably bring price reductions by competitors whether they combined or not.

(19) There is no evidence that the plaintiff's losses, however described, were anything but a failure to get larger future improbable profits from the hoped-for

operations of a business which never was established and had no experience measurement.

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(21) There is no evidence that each defendant would not, independently of the other, under the rule of self preservation, have reduced prices to meet the plaintiff's competition as much or more than they were reduced.

(22) There is no evidence that lifts the relation between the plaintiff's loss and the combination of the defendants above an impossible guess.

SECOND

THERE IS NO EVIDENCE THAT THE DEFENDANTS' ACTS WERE A COMBINATION TO MONOPOLIZE OR TO RESTRAIN TRADE

The plaintiff urges that the defendants by this contention are asking the Court to reverse a divisible part of a judgment which cannot be done because the defendants have not appealed or sought certiorari. The claim is unfounded. The plaintiff does not ask reversal of any part of a judgment. The Circuit Court of Appeals has given judgment for the defendants. The defendants say that this judgment is wholly right. They ask only its affirmance.

The only evidence in this case is from witnesses called by the plaintiff and the exhibits introduced through them. They were: *Leonhard* — Paterson's General Manager in Charge of Manufacturing (R. 473), *Cashmore* — Paterson's Treasurer (R. 477), *Kindleberger* — Kalamazoo's President (R. 518), *Southon* — Kalamazoo's Sales Manager (R. 527), *Moyer* — West Carrollton's Manager (R. 538), *Goldmann* — Story's Treasurer (R. 546), *Story* — one of Story's directors (R. 586), *Stearns* — one of Story's directors (R. 587), and *Levin* — the originator of the Story project (R. 589, 590). The first five of these witnesses were not cross-examined.

Many letters between the respective defendants and their respective salesmen were in evidence showing the information which the respective defendants had concerning the activities of the plaintiff and the reduction policy which the plaintiff had launched. The extent to which these letters were admitted in evidence was stated by the Court, namely:— "First, about the inter-office correspondence. I have no doubt that you still have in mind my remarks when I ruled upon the admissibility of the letters. They are admissible in this case because

they convey information both to the defendants and to the — some of the — I think that perhaps I am wrong about that; I think that the inter-office correspondence would only tend to convey information to the defendants, and that becomes important because it enables you to know what information the defendants had before them when they acted, because, as I will point out a little later, the motives of the defendants in their conduct become a very important factor in this case. *The letters are not evidence of the facts which the writer may undertake to convey.* (Not italics in original.) We are only interested in the fact that the information was conveyed, not with the truth or falsity of the information" (R. 602).

The Court added to this later, that where letters were written by the defendants rather than by the agents they could be used as admissions of the defendant who wrote them (R. 603) but that they would not be admissions of another defendant unless a conspiracy had been shown and the letter was written in furtherance or pursuance of that conspiracy (R. 604).

Lack of Evidence

This is not a case in which the defendants are obliged to ask the Court to draw inferences from the evidence which they have offered. It is a case in which the evidence which the plaintiff has presented, whether believed or not believed, does not sustain the plaintiff's burden to prove the cause of action alleged — that is, a combination or conspiracy to destroy the plaintiff's business or to restrain or to monopolize trade.

There are at least three fatal defects:—

(1) There is no evidence in the case that the *reductions* in prices tended to create a monopoly or a restraint of trade;

(2) There is no evidence that the defendants combined or conspired to destroy the plaintiff's business;

(3) There is no evidence that the defendants agreed, acting in concert, to reduce prices to a point below what would yield a reasonable cost of producing and selling and a reasonable profit thereon or to destroy the plaintiff's business.

The *plaintiff's own evidence* showed that each reduction was made *without agreement* between the defendants and was only *to meet* the reductions made by the *plaintiff*.

General Reduction of Prices is not Restraint of Trade.

Even if there had been an agreement to lower prices the agreement would not have been one in restraint of trade, because general lowering of prices does not restrain trade.

There was no evidence of any reduction to drive out a competitor in a particular locality while keeping up prices elsewhere. There was no similar agreement.

Lowering prices generally is the antithesis of restraint of trade. No agreement among competitors to lower prices is necessary or important. A particular competitor does not need, for self-protection, any such agreement. Here lies the difference between lowering and holding or raising. A seller may fear to hold or to raise his prices unless his competitors will agree to do likewise, because otherwise he may lose trade to the competitors. There is no such danger in lowering. There is no incentive to make a restraining agreement. It has no effect on the prices. They are reduced just the same. The public gets the benefit.

Indeed, if prices have been maintained in concert, an agreement to lower them is not only not an agreement in restraint of trade but it is an agreement to remove an existing restraint of trade.

As matter of law, even had there been an agreement to reduce prices and a reduction of them pursuant thereto,

it would not have been an agreement in restraint of trade, or a restraint of trade.

It is not of itself a restraint of trade that manufacturers "as a necessary measure of self-protection, made generally material reductions in the prices" of the goods which they manufactured.

United States v. *International Harvester Company*, 274 U. S. 693, 708.

To reduce prices does not restrain trade.

A combination to reduce prices is not a combination to restrain trade.

Such a combination has no effect. The reduction is the same as if there were no combination.

Summary of Reductions by Story.

Prior to Paterson's reduction of November 18, 1927 and prior to each subsequent reduction, *Story* had broken the price below the *wholesale* price of any defendant. Defendants' retail prices were still higher than the wholesale — from 1¢ to 6¢ in accordance with the quantity (R. 578, 471, 472).

(a) October 10 to 15, 1927, Story tentatively agreed to sell to all the some two or three hundred *consumers* who were members of the Institute of American Meat Packers or the Institute of Equipment and Supply, and howsoever small the quantity, at 5% or .8¢ in case of sheets, and 5% and ½¢ or 1.3¢ in the case of rolls, less than Paterson's, Kalamazoo's and West Carrollton's prices to *wholesalers* (R. 569, 551).

(b) In October, 1927, Story first announced that they would sell to wholesalers at 5% or .8¢ below Paterson's, Kalamazoo's and West Carrollton's prices to wholesalers (R. 568, 550).

(c) November 8, 1927, Story announced that they would sell rolls at 5% and ½¢ or a total of 1.3¢ less than

Paterson's, Kalamazoo's and West Carrollton's prices to wholesalers (R. 568, 583).

Story continued these reductions to wholesalers uninterruptedly during the ensuing months (R. 571).

(d) In latter December, 1927, Story authorized a reduction of 2½% or .4¢ from the wholesale list price to the Big Four consuming packers (R. 573). (These four had received ¼ discount or .25¢ for many years (R. 573).)

(e) In December, 1927, Story authorized this same reduction to consumers, members of the Institute, big and little (R. 573).

(f) January 4, 1928, Story gave the Big Four 2½% reduction on the reduced price of 15¢ or .375¢ (R. 573, 553).

(g) January 17, 1928, Story made this same reduction of 2½% or .375¢ to all *consumers*, *big* and *little*, members of the Institute (R. 573, 552).

(h) January 26, 1928, Story made a reduction of 5% or .75¢ to a *consumer*, the Land O' Lakes Company (R. 574, 582), below the defendants' prices to the same company and .5¢ below their prices to the Big Four packers and .75¢ below the defendants' prices to *wholesalers*.

(i) This was equivalent to a quotation of this reduction to the Big Four as it undoubtedly became known to them immediately (R. 576) and they were larger users (R. 574).

(j) January and February, 1928, Story continued the reduction to wholesalers of 5% or .75¢ below Paterson's, Kalamazoo's and West Carrollton's prices (R. 573, 580, 582, 583).

(k) February 27, 1928, Story gave Swift or Armour a reduction of 2½% or .375¢ and ¼¢ — a total of .625¢ (R. 554).

(l) March 2, 1928, Story announced a 1¢ reduction (R. 575, 558).

(m) In March, 1928, Story sold to Land O' Lakes at a reduction of 5% or .7¢ from this price (R. 575).

(n) March 2, 1928, and thereafter Story continued to make the reduction of 2½% or .35¢ to consumers, big and little packers, members of the Institute (R. 580).

(o) March 2, 1928 and thereafter, Story continued a discount to wholesalers — a reduction in some cases of 5% or .35¢ (R. 580).

(p) March, 1928, Story made a reduction of 4¢ on wrappers from Paterson's, Kalamazoo's and West Carrollton's 95¢ prices for the same (R. 650).

(q) March 13, 1928, and thence through that Spring, Story sold Armour large quantities of Clover Bloom wrappers at a reduction of 6¢ below Paterson's, Kalamazoo's and West Carrollton's 59¢ prices for the same (R. 575, 560).

Story began and continued these cuts as cuts from Paterson's, Kalamazoo's and West Carrollton's wholesale prices (R. 567, 575) and to the past and existing trade of these concerns in order to improve Story's chances of getting that trade away from them (R. 581).

Before each reduction made by Paterson, Kalamazoo or West Carrollton, Story had already cut below their prices. On the reduction, Story continued to cut below their new prices (R. 571).

Story's treasurer's "understanding was that the others [the defendants] had reduced the price because Story's paper was of a superior quality and, therefore, the only way in which they could hope to sell against Story's superior paper was by having their price lower. That was his thought at the time. They were pretty certain that *Story had caused this reduction*" (R. 576). (Not italics in original.)

Cuts called Commissions.

The plaintiff made an unsuccessful effort to cloud its cuts, by calling its discounts a selling commission allowed in place of paying commissions or salaries to salesmen (R. 551, 568, 575, 580, 592). The 5% discount kept right on after Story employed salesmen. It was called discount and not selling expense on plaintiff's books (R. 577). The subterfuge was palpable.

Manifestly it made no difference to the defendants or to the defendants' customers, why the plaintiff gave its discounts or by what name the plaintiff called them. A consumer, who, because he was a member of a packers institute and because the plaintiff hoped to avoid paying salaries or commissions to salesmen, could get Jumbo Rolls from the defendants at not less than 16.5¢ but could get them from the plaintiff for 15.2¢ (R. 568, 551), was not likely to buy from the defendants until they reduced their prices to meet the plaintiff's cut. So it was with the general 5% or .8¢ cut from the wholesale price. The test was the *amount* which the customer had to pay, and not its name (R. 588).

Summary of Reductions by any Defendant.

Prior to each reduction made by any defendant or by West Carrollton, Story had already made substantially equal or greater reductions in actual prices or quotations to customers of one or another of the defendants, and, before reducing, the defendants had been informed of these facts. They made the reductions exclusively to keep their existing business and with no purpose to destroy Story's business (R. 180).

The only reductions alleged in the declaration are those of January 2, 1928 and March 9, 1928 (R. 9). The reductions proved were: —

(a) November 18, 1927 — a reduction of ½¢ a pound on rolls by Paterson, without concurrent or prior agreement with Kalamazoo or West Carrollton, on a single order (R. 506, 509).

(b) December 2, 1927 — a general reduction by Kalamazoo of ½¢ a pound on rolls, without concurrent or prior agreement with Paterson or West Carrollton (R. 161).

(c) December 5, 1927 — a general reduction by Paterson of ½¢ a pound on rolls, without concurrent or prior agreement with Kalamazoo or West Carrollton (R. 164).

(West Carrollton made no such general reduction (R. 539).)

(d) January 2, 1928 — a reduction of 1¢ a pound by Kalamazoo, without concurrent or prior agreement with Paterson or West Carrollton, preannounced a few days before by Kalamazoo to Paterson and to West Carrollton (R. 199).

(e) January 2, 1928 — a reduction of 1¢ a pound by West Carrollton, without concurrent or prior agreement with Paterson or Kalamazoo (R. 200).

(f) January 3, 1928 — a reduction of 1¢ a pound by Paterson, without concurrent or prior agreement with Kalamazoo or West Carrollton (R. 482).

(g) February 10, 1928 — the allowance by Kalamazoo of a discount of 2½% to certain meat packers, without concurrent or prior agreement with West Carrollton or Paterson (R. 541).

(h) February 10, 1928 — The allowance by West Carrollton of a discount of 2½% to certain meat packers, without concurrent or prior agreement with or knowledge on the part of Paterson or Kalamazoo (R. 286, 283, 541).

(i) February 13, 1928 — The allowance by Paterson of a discount of 2½% to certain meat packers, without concurrent or prior agreement with or knowledge on the part of Kalamazoo or West Carrollton (R. 490).

(j) March 2, 1928 — The allowance by Kalamazoo of a discount of 5% to Armour, without concurrent or prior agreement with or knowledge on the part of Paterson or West Carrollton (R. 526).

(k) March 2, 1928 — The allowance by West Carrollton of a discount of 5% to Armour, without concurrent or prior agreement with or knowledge on the part of Paterson or Kalamazoo (R. 535).

(l) March 5, 1928 — The allowance by Paterson of a discount of 5% to Swift, without concurrent or prior agreement with or knowledge on the part of Kalamazoo or West Carrollton (R. 499).

(m) March 9, 1928 — a reduction of 1¢ a pound by Kalamazoo, without concurrent or prior agreement with Paterson or West Carrollton, preannounced March 8th by Kalamazoo to Paterson and West Carrollton (R. 536, 358).

(n) March 9, 1928 — a reduction of 1¢ a pound by West Carrollton, without concurrent or prior agreement with Paterson or Kalamazoo (R. 359).

(o) March 9, 1928 — a reduction of 1¢ a pound by Paterson, without concurrent or prior agreement with Kalamazoo or West Carrollton (R. 479).

(p) May, 1928 — a reduction by Kalamazoo of 6¢ per thousand on printing of small butter wrappers, without concurrent or prior agreement with Paterson or West Carrollton, preannounced May 14 to Paterson and West Carrollton (R. 534).

(q) May 24, 1928 — a reduction by Paterson of 6¢ per thousand on printing of small butter wrappers, without concurrent or prior agreement with Kalamazoo or West Carrollton (R. 534, 480, 544).

(r) May 17, 1928 — a reduction by West Carrollton of 6¢ per thousand on printing of small butter wrappers, without concurrent or prior agreement with Paterson or Kalamazoo (R. 544).

Paterson's, Kalamazoo's and West Carrollton's Meetings.

Prior to November 18, 1927, most certainly the evidence does not suggest that the defendants had done anything separately or together, legal or illegal, which could affect the possible success of plaintiff's business.

From the beginning of plaintiff's manufacturing or selling in October, 1927, to the bringing of the suit on June 4, 1928 and thereafter, the correspondence, chronologically arranged, is in evidence to show what was done among the defendants and West Carrollton by letter (R. 103-470).

In this period the only meetings of Paterson, Kalamazoo and West Carrollton were on (1) December 1, 1927, (2) February 23, 1928, (3) March 31, 1928, and (4) May 14, 1928. The only evidence of what occurred at these meetings is from the witnesses called by the plaintiff — Moyer, Southon and Cashmore. Cashmore is Treasurer of Paterson, and Southon is Sales Manager of Kalamazoo. Moyer is not a defendant or an officer of a defendant.

There is nothing in the correspondence or in the prior and subsequent actions of the parties which is inconsistent with the testimony of these three witnesses as to what was said at these meetings.

There is nothing in the actions of the parties which necessitates or warrants an inference that they agreed to any more than they testified to, or that they had any purpose to destroy the business of the plaintiff in what they did at these meetings.

If it is permissible for the plaintiff to argue that Moyer, Cashmore and Southon, called by the plaintiff, did not tell the truth in respects in which the other testimony does not conflict with theirs, it still remains true that disbelief of their testimony does not constitute affirmative evidence of the contrary facts.

Ramsay v. *Ryerson*, 40 Fed. 739.
Pollock v. *Pollock*, 71 N. Y. 137.
Phillips v. *Gookin*, 231 Mass. 250.
Morris v. *Talcott*, 96 N. Y. 100.
Jaeger v. *Kelley*, 52 N. Y. 274.
Crook v. *Rindskopf*, 105 N. Y. 476.
Baltimore & Ohio v. *State*, 71 Maryland 590.
Shoninger v. *Day*, 53 Mo. Appeals 147.
Mercer v. *Wright*, 3 Wisc. 645.
Wallace v. *Berdell*, 97 N. Y. 13, 21.
Inhabitants of Wakefield v. *American Surety Co.*, 209 Mass. 173.
Hyslop v. *Boston & Maine Railroad*, 208 Mass. 362.
Beers v. *Prouty & Co.*, 203 Mass. 254.
Conant v. *Johnston*, 165 Mass. 450.
Morse v. *Hill*, 136 Mass. 60, 70.

The burden is on the plaintiff to establish these facts. Evidence is necessary.

Reported Actions of Story before December 1, 1927.

November 7, 1927, West Carrollton's Chicago Salesman, Moody, wrote Moyer of the indications that Story was going to cut the price to small *consumers*, members of the Institute, below West Carrollton's price to *wholesalers* and to the Big Four (R. 115). Already Story had agreed tentatively to do this (R. 569, 551).

November 12, 1927, Kalamazoo's Chicago salesman, Greenlee, wrote Kindleberger that Story had offered Hollis & Duncan to cut out the ½¢ differential on Pony Rolls, Standard Rolls or Jumbo Rolls (R. 121).

November 15, 1927, Paterson's San Francisco salesman, Gray, wrote Cashmore that Story had offered the large Pacific Coast paper house — the Zellerbach Paper Company — a reduction of 5% off whatever price they were already paying Paterson. In other words, that

whatever arrangement Zellerbach had with Paterson, Story would cut it 5% (R. 128).

November 16 and 17, 1927, Moody wrote Moyer that a customer claimed that Story had quoted him a better price than theirs (R. 134, 135).

November 17, 1927, Paterson's Chicago salesman, Cox, telegraphed Paterson that Hollis & Duncan had a proposition from Story for Jumbo Rolls at no advance (meaning without the usual ½¢ differential over sheets) (R. 135). Apparently he was five days behind Kalamazoo's salesman; for telegraphing indicates that Cox hastened to report to Paterson the day he got the information (R. 137).

Before December 1, 1927, in these ways the salesmen for Paterson, Kalamazoo and West Carrollton, respectively, in their contact with the Trade, had learned that Story was preparing to cut prices and was so quoting to their customers. The persons approached by Story were all customers of the defendants and West Carrollton (R. 581). The salesmen had reported to their respective employers. None of them had learned definitely the amount of the cuts except in the case of the ½¢ cut on rolls and the 5% cut proposed to Zellerbach.

Each defendant began December with the well warranted belief that Story was out to get away customers by cutting prices.

The Meeting of December 1, 1927.

Moyer, Southon and Cashmore met by prearrangement, at Cincinnati.

Moyer's testimony: — He told the others what he had heard about the manufacturing difficulty that Story was having and their lack of organization (R. 539, 160). As far as he recalls, there was no discussion as to abolishing the differential on rolls or that either of them mentioned it (R. 539). Nothing was said to him on the subject of

abolishing this differential or with respect to dropping the basic price (R. 540) or that Kindleberger was expecting to drop the basic price 1¢ around the first of the year. There was not any discussion of the price at all in his presence (R. 540).

Southon's testimony: — He does not recall whether the question of Story competition was the subject of discussion, or whether the question of prices of any parchment product was mentioned, or whether they considered as to whether or not the differential on rolls should be abolished (R. 527). It was possible that they discussed the differentials (R. 528). He does not remember saying that he thought Kindleberger was thinking of following their usual custom on the first of the year, dropping the price of parchment 1¢ a pound as usual, or anything said on the question of the price of their basic unit (R. 528).

Cashmore's testimony: — They discussed Story's special prices to the Trade (R. 483). He recalls nothing that was discussed except the reports from the Trade about Story's prices. Southon said he thought Kindleberger was thinking of following their usual first-of-the-year custom and was expecting to drop a cent a pound as usual (R. 483). He did not say anything. They did not leave with the understanding that all three were going to drop a cent a pound. There was no understanding (R. 483). Southon reported his information from the Trade that Story had a secret agreement with the Institute to sell the packers below their prices, quietly and by rebates (R. 484). They talked back and forth about a secret rebate, a cut to the packers, that Story was cutting prices (R. 484). They did not discuss prices (R. 485). Story had eliminated the differential on rolls. They were forced to meet it on the possibility of losing the business (R. 485). The other two said they had the same reports that Story was cutting prices (R. 486). No one suggested anything that should be done about it. Each

individual was privileged to do as he liked (R. 486). He told them that his company would have to do something to save the business (R. 486). He told them that Story had been eliminating the roll differential and that this involved Paterson doing the same (R. 487, 489). He mentioned that they had information from Hollis & Duncan that they had an offer from Story for their rolls at list price eliminating the ½¢ differential (R. 498). He said that Hollis & Duncan had offered the business provided Paterson met that price, and that Paterson did so (R. 498). They did not say anything about prices when he said he had reduced his (R. 498). Their talk December 1st was about the Hollis & Duncan Jumbo Rolls proposition (R. 501). He does not think that he told them that he was going to reduce (R. 501). He told them what he had done (R. 501, 506). He does not remember telling them anything except that they had met this Story competition — the differential on rolls (R. 507). It is quite likely that they talked about the import situation which was very keen at that time (R. 501, 87, 112, 96, 159, 158, 157, 151, 149, 146, 144, 133, 122, 114, 99). Southon said that he had heard from Chicago about the arrangement that Story had with the Institute for some rebate (R. 507). Nothing was said about price for the coming year except that Southon said that it was his opinion that Kindleberger was thinking about reducing the price. He did not say anything and he does not know that anything was said by Moyer (R. 507). He did not say that Paterson was going to make the waiver of the differential to Hollis & Duncan a general policy (R. 509). The others did not say that they were going to. No agreement was made about it. He is sure that nothing more was said on the subject (R. 509).

There is no evidence outside conflicting with this or indicating that there was any agreement or concert as to removing the differential or reducing the base price or to

destroy the plaintiff's business. The only evidence is to the contrary.

On December 2, 1927, Kalamazoo sent out its notice abolishing the differential on rolls (R. 161). Paterson did not. Paterson got some further reports from its salesmen in Boston and elsewhere (R. 502) of what Story was doing. Then, on December 5, 1927, Paterson sent out an announcement abolishing the differential on rolls (R. 164). West Carrollton did not abolish the differential (R. 539).

On December 5, 1927, Kalamazoo sent to the printer the make-up of its proposed January, 1928 wholesale price list at the old prices of December 11, 1926 (R. 530).

On December 6, 1927, Paterson ordered new printing at the old prices of December 11, 1926, with only the change to eliminate the roll differential (R. 516).

Facts Leading up to the January 2, 1928 One Cent Reduction.

There was no meeting after December 1, 1927, until February 23, 1928.

December 5, 1927, Kalamazoo received their salesman's report that Story was offering a 5% discount (R. 163).

Before December 8, 1927, Levin, of Story, told Kalamazoo's secretary that Story's policy was going to be to make the discounts to the wholesale dealers from the wholesale list of all the manufacturers (R. 592, 171). On the lowest base price, 5% was .8¢ a pound. It was more on the higher prices.

December 6, 1927, Paterson's Boston salesman, Chace, reported Story was offering 5% discount from the wholesale list (R. 165).

December 6, 1927, Kalamazoo's salesman wrote Kalamazoo as to his fear of losing business to Story because of their cuts in prices (R. 169).

December 8, 1927, one of Paterson's customers wrote Paterson that Story had offered them 5% off the list price (R. 173).

December 9, 1927, Kalamazoo's salesman telegraphed Kalamazoo that Story was closing business with one of Kalamazoo's customers at 5% below Kalamazoo's price and that the customer thought Paterson would meet the cut (R. 173).

By December 10, 1927, Story's cut of 5% under the wholesale price was getting to be general talk in the Trade (R. 180).

December 12, 1927, Kalamazoo's Chicago salesman reported to Kalamazoo that Story was giving ½¢ a pound, strictly confidential, under-cover rebate, to all packers members of the Institute (R. 184).

The December 15, 1927, issue of the Paper Trade Journal erroneously announced that Paterson had reduced its price ½¢ (R. 189).

December 15, 1927, Kalamazoo sent its January 2, 1928 price list with the 1¢ reduction, to the printer (R. 530).

December 17, 1927, Paterson's Chicago salesman wrote Cashmore of the misinformation in the Paper Trade Journal and said that their competitors were complaining and that Paterson ought to get in touch with them (R. 192). Paterson and Kalamazoo talked by telephone that day (R. 512). Paterson demanded a rectification by the Paper Trade Journal (R. 193).

December 19, 1927, West Carrollton, without prior talk with Kalamazoo, sent its January 2, 1928 price list with the 1¢ drop, to the printer (R. 540).

December 22, 1927, the Paper Trade Journal announced the error in its publication of price reduction by Paterson (R. 195).

It takes a week or more to figure the detail prices for one

of these price lists. Paterson had done nothing about this (R. 502).

Shortly before or after Christmas, 1927, or within two or three days before January 2, 1928 (R. 529, 530, 512, 502) Kalamazoo telephoned Paterson that Kalamazoo was going to reduce 1¢ a pound January 2d. Kalamazoo telephoned West Carrollton the same thing. It had been the custom to notify of any price reductions. Paterson did not say that they would do the same thing.

About December 30, 1927, Paterson's short bulletin of the basic reduction, effective January 2d, went to the printer (R. 502). The January 2d price list did not go to the printer until January 9th (R. 517).

Paterson's Chicago salesman told Paterson that he heard in the Trade that Kalamazoo and West Carrollton were going to come down (R. 484, 485).

Before this reduction was made Story had cut the price .8¢ and in the case of rolls 1.3¢ and to Paterson's, Kalamazoo's and West Carrollton's customers.

There is no evidence (1) that there was any agreement, conspiracy or concert to make this reduction or (2) that it was made to destroy plaintiff's business.

The 2½% Discount in February, 1928.

Immediately upon the 1¢ reductions at the beginning of January, Story began or continued to make the 2½% *discounts from the wholesale lists to large and small consumers*, members of the Institute, and the 5% discount to wholesalers (R. 573). On January 26, 1928, Story made the 5% discount from the wholesale list to the consumer Land O' Lakes (R. 574).

January 6, 1928, Paterson's Boston salesman notified Paterson that their customer reported that Story was offering the 5% off the reduced price — a cut of .75¢ below Paterson's price (R. 206).

January 6, 1928, West Carrollton's Chicago salesman wrote West Carrollton that one of their customers had informed him that Story had a lower price out, and commenting on this cut (R. 207).

January 9, 1928, Kalamazoo's Chicago salesman wrote Kalamazoo that Osman, of the Institute, said they had a signed contract with Story for the 5% rebate to members of the Institute and that Story had withdrawn it (R. 213).

January 12, 1928, West Carrollton's salesman made a similar report to West Carrollton (R. 224).

The salesman of the respective concerns continued to report their customers' statements of Story's cuts (R. 215, 219, 223, 225, 226, 227, 228, 230, 231, 232, 233, 234, 235, 237, 243, 248, 249, 251, 258, 265, 267, 273, 275, 276, 282, 284, 285, 290, 299).

January 24, 1928, Kalamazoo wrote its Chicago salesman that it was advisable to wait before deciding to meet Story's cuts (R. 246).

February 2, 1928, West Carrollton's Chicago salesman reported to West Carrollton that Story had said to customers that *Story had forced the other manufacturers to take off the ½¢ differential on rolls and to make the 1¢ additional reduction* at the beginning of January and that as soon as they got their production up to a satisfactory tonnage *Story was going to reduce* on 40-lb. parchment to *14¢* (R. 263), a further reduction of 1¢.

February 6, 1928, Paterson's Chicago salesman wrote Paterson that Story was offering 5% below wholesale in the East, and 2½% in Chicago, and that Story said that as soon as they get into production they would put another decrease of 1¢ per pound into effect (R. 272). This was the report which Story carried into effect on March 2, 1928.

On February 9, Kalamazoo's Chicago salesman made substantially the same report to Kalamazoo (R. 227).

February 9, 1928, this salesman urged Kalamazoo to do something to meet these cuts (R. 278).

On February 10, 1928, Kalamazoo by telephone authorized this salesman to meet Story's 2½% discount to the big six or seven packers and to the members of the Institute and to Barber and to the Allied (R. 280).

Not only was this to meet Story's discount already made, but also it was done without any prior communication with Paterson on the subject (R. 283).

West Carrollton's buyer commented on the fact that the reduction had been quoted without Paterson's knowing it (R. 286).

Paterson's treasurer, Cashmore, arrived in Chicago on February 11 and then first heard what Kalamazoo had done (R. 287, 491, 500). He said that this cut was a mistake. Paterson's Chicago salesman, Cox, told him that he had heard of it from Swift's buyer (R. 491). Cashmore did not talk with any of the salesmen of the other concerns (R. 491). He had Paterson's salesman verify the information by telephoning Swift's buyer (R. 500). In this way he learned that Kalamazoo had made the discount to meet Story's discount (R. 491, 500). Cashmore then authorized Paterson's salesman to meet it also (R. 491, 500). Paterson took its first order with this discount on February 13 or 16 (R. 490). Paterson at first gave the discount on paper only (R. 512, 292) and then learned from Swift's buyer that Kalamazoo was giving it on printing also (R. 512, 288). Then Paterson extended it to printing (R. 301).

February 17, 1928, Kalamazoo's Chicago salesman reported to Kalamazoo that Story had offered another consumer this 2½% discount (R. 299) and that he feared losing trade if Kalamazoo did not meet Story's price.

All this conduct was between the respective salesmen on the one hand and their respective employers on the other and not between the defendants.

The 5% Discount in March, 1928.

February 18, 1928, Paterson's Chicago salesman informed Paterson that Osman said there was going to be another price concession within thirty days, — apparently referring to Story's plan (R. 305).

February 20, 1928, Kalamazoo's Chicago salesman reported to Kalamazoo, Story's extension of the 2½% discount to another consumer (R. 315).

February 21, 1928, one of Kalamazoo's salesmen reported to Kalamazoo that Story had sold a consumer at the wholesale price less 5% which was .75¢ under Kalamazoo's price to the same customer (R. 317).

This seems to be Kalamazoo's first information that Story had cut the January wholesale prices as much as 5% to a *consumer*.

February 22, 1928, West Carrollton's Chicago salesman reported to West Carrollton that Story was making a price lower than West Carrollton's to members of the Institute and to the Big Four packers (R. 317).

February 24 and 25, 1928, Paterson declined to authorize any price change except to meet Story's competition on all large business (R. 322, 323).

February 27, 1928, Kalamazoo extended the 2½% discount to meat packers even if not members of the Institute (R. 325).

February 27, 1928, Paterson's Chicago salesman reported to Paterson a customer who had received a lower price from Story (R. 327).

February 28, 1928, Kalamazoo authorized their salesman to meet Story's 5% discount to Kalamazoo's customer Land O'Lakes but *not to go below it* (R. 329).

February 28, 1928, West Carrollton's Chicago salesman reported to West Carrollton that Swift's buyer had received from Story last Friday [February 24] a price of 14.75 less 5% on printing and paper and that Story's

price to the Institute was 5% discount from the wholesale price. This was ¼¢ plus 5% — a total of .9875¢ below the wholesale price (R. 332).

He said: — "You know Levin told the big buyers when he was here last that parchment could be sold at *14¢* lb and *yield a good profit*" (R. 332). This was a report that Story's general manager had in effect quoted a price of 14¢ sometime before February 28. Buyers with this information of an acknowledged profit at 14¢, would not pay more.

Up to this time neither Kalamazoo nor Paterson nor West Carrollton had given 5% discount even to the Big Four.

February 29, 1928, West Carrollton's Chicago salesman reported to West Carrollton that he could not get the big packers' business unless he was authorized to meet Story's cut (R. 336).

February 29, 1928, Swift put the 5% discount on an order to Paterson (R. 334).

March 1, 1928, Armour did the same to Paterson (R. 337).

This was the beginning of the 5% discount to the Big Four by either Paterson, Kalamazoo or West Carrollton.

Because Story had quoted it, the Big Four claimed it; and none of the concerns could get the business without granting it (R. 491, 515). There was no concert between them in granting it. They did it separately, because forced by Story's cut. It was not done before March 1.

March 2, Story made its 1¢ reduction. Kalamazoo, Paterson and West Carrollton each met this reduction on March 9 and stopped the 5%.

Kalamazoo's first Armour 5% discount order was received March 2 (R. 522).

West Carrollton's first Cudahy 5% discount order was received March 3 (R. 538).

Paterson's first Swift 5% discount order was received March 5 (R. 499).

The 5% discount was to meet the price and discount which Story had made before. It was not to cut under Story.

The Meeting of February 24, 1928.

Moyer, Cashmore and Southon and Dohan attended this meeting; Kindleberger may have been at it for a short time. There was no evidence of any agreement at this meeting to cut prices or to do anything to destroy the plaintiff's business. No meeting had been held since December 1, 1927. The four men were together for the meeting of the American Pulp and Paper Association (R. 541).

Moyer's testimony: — He was at the American Pulp & Paper Association meeting. He does not recall that he met any representative of Paterson or Kalamazoo there, but it would seem natural that he would (R. 541). It is probable that he met them (R. 542).

Cashmore's testimony: — He learned at the meeting that Story was operating further with the Institute, giving them a still better proposition than the 2½% but limited to business going through the Institute (R. 513, 323). Southon told him that Armour already had a lower price, Story being determined to get a great deal of the Armour business, and that the other large packers had not been advised of anything lower. Southon told him that Story had been quoting Beatrice Creamery and Blue Valley and Fairmont and other creameries 2½% below wholesale. Moyer told him the same about Best Foods (R. 530).

Kindleberger's testimony: — He does not remember attending the meeting, and thinks that he did not (R. 523).

Southon's testimony: — He undoubtedly mentioned Story's competition. They mentioned their experiences (R. 531).

There is no evidence that anything occurred at this meeting beyond an interchange of information as to the price cutting campaign which Story was carrying on. There is no evidence that any agreement or concert or common or separate prediction was made.

The March 9, 1928 One Cent Reduction.

March 2, 1928, Story announced a 1¢ reduction as it had been reported that they had predicted early in February (R. 272, 277).

This compelled Kalamazoo, Paterson and West Carrollton to meet this reduction or lose their customers. The reduction was reported by the respective salesmen to their respective employers (R. 342, 348, 350, 352).

They reported the fact that Story was cutting even the new price by a 5% discount (R. 344).

March 5, 1928, Paterson was advised of Story's price of 91¢ which was 4¢ under the wholesale price (R. 346).

March 6, 1928, Paterson's Chicago salesman reported that Story was quoting 1¢ below wholesale (R. 347).

There is no evidence that Kalamazoo, Paterson and West Carrollton had any conference as to what was to be done to meet Story's cut.

On March 7 or 8, Southon of Kalamazoo telephoned Moyer of West Carrollton that these discounts were driving him mad, two and five, and that he did not know where they stood and that they were going to meet Story's price of March 2 by coming out with a new price list (R. 542) and that he was trying to get Paterson. Moyer said good. He was not positive, but probably told him that he would do the same (R. 542). Southon said that 2½% and 5% and even 10% had been reported. He did not remember that Moyer said anything except that all these special discounts and confidential rebates were very confusing (R. 536). Southon telephoned Cashmore, of

Paterson, substantially the same thing (R. 536, 479). Cashmore told Southon there was nothing else to do but the same thing, we cannot help it (R. 479).

The price lists for this reduction had not been figured at this time. Bulletins were sent out by Paterson, Kalamazoo and West Carrollton, respectively, on March 9th. The lists followed toward the end of March (R. 542).

The March 31, 1928 Meeting.

This was a prearranged meeting of Cashmore, Moyer, Southon and Dohan. There had been none since February 24. There is no evidence of any agreement or prediction for the future or of anything to destroy plaintiff's business.

Moyer's testimony: — He assumes that there was a discussion of Story but he does not recall it. He sees no reason for that meeting (R. 543) on any subject. He wondered at the time why he stopped at it (R. 544).

Southon's testimony: — He does not remember whether they mentioned the Story competition. Nothing was said about price. Might have been commented on with the experience they were having with Story at that time. Commented on Story's price, — he did not comment on his. Cashmore did not on his. Moyer did not on his or on any price they might make in this new competition. He is sure of that. He was not planning any price reduction then. They talked about general business conditions and about the import situation. He does not remember what they said about imports. He believes Cashmore said something of his experiences in the East with imports, of vegetable parchment that was being distributed by certain jobbers in eastern territory, speaking about some of the jobbers down there still selling imported parchment. With reference to Story competition it was just a matter of possibly relating some of their own experiences (R. 533).

Cashmore's testimony: — Story was mentioned by all. There was no discussion about it. General business conditions were discussed (R. 478, 479).

Facts Leading up to the Reductions in the latter part of May, 1928.

Repeatedly from early March onward, the salesmen were reporting to their respective employers the cuts which the Trade reported that Story was making and offering (R. 352).

To jobbers, this was 5% or .7¢ below the wholesale prices of Paterson, Kalamazoo and West Carrollton (R. 353). It was 4¢ from a 95¢ price to Blanton (R. 560, 356, 389, 392) and various extra discounts to others (R. 365, 367, 373, 374, 375, 376, 379, 383, 397, 400, 402, 405, 413, 417, 419, 422, 427, 431). One salesman reported a cut by Story of 10¢ per thousand below retail (R. 367).

As early as March 13, 1928 Story began selling 59¢ butter wrappers to Armour at 53¢. This was continued all through the Spring (R. 575).

May 1, 1928, Kalamazoo's Chicago salesman reported this heavy cut and that Story was getting all of Armour's business on this (R. 416), a large share of which Kalamazoo had had before.

May 2, 1928, West Carrollton's salesman reported that Armour had given him substantially the same information (R. 420).

Paterson's Chicago salesman made substantially the same report to Paterson (R. 423). Paterson feared the reaction on Swift's business with them if the lower price to Armour was learned (R. 481).

Each concern recognized the danger to it of not meeting this large cut of Story's (R. 423, 426, 420, 435).

The Meeting of May 14, 1928.

Moyer, Southon, Cashmore and Dohan met by prearrangement.

There is no evidence of any concert or agreement to do anything or to destroy the plaintiff's business.

Moyer's testimony: — He told Southon and Cashmore that Armour had notified West Carrollton that unless they made a better price on printed parchment, and quarter-pound wrappers especially, they were going to take the business away from them; that Story was making better prices, and that they could not afford to pay more. Southon said they had brought the same proposition up to them. Cashmore did not say anything. Cashmore did not say that Paterson would reduce its prices. Southon said Kalamazoo was going to make a new panel for prices under sixty-three square inches at a lower stated price. Moyer did not say that he was going to do likewise. Cashmore said that he did not know, he was going home to figure his costs (R. 544).

Southon's testimony: — They related their experiences with Story. He mentioned printing prices. He does not think they said anything. He said Kalamazoo was experiencing some very mean competition from Story on a small printed butter wrapper and that because Kalamazoo had always carried a large stock of this Kalamazoo was going to meet Story's price. They did not comment. He does not recall Cashmore or Moyer saying they had met similar competition. He has no recollection of either of them saying anything about it (R. 534). There was some discussion about the different classifications of printing designs, that they had found costs varying in their wax paper division and possibly the same was true of parchment wrappers. Cashmore said he had always thought in parchment printing wrappers there was a variation in them (R. 535).

Cashmore's testimony: — There was no agreement. Southon spoke of reducing the butter wrapper price in order to save their business on these small sheets which were being sold in large quantities by Story at a lower price. He said Paterson could not help but do the same thing if Kalamazoo did it. He does not know what Moyer said (R. 481). They discussed general discounts Story was giving to the Trade (R. 482). They did not say anything about lowering their prices on this account. The two matters discussed were the Story discounts and this selling to Armour. There are always many subjects discussed as to business conditions. As to the question of Story's discounts to the Trade, nothing was said as to what they would do (R. 482). When Moyer mentioned the reduction in price he said that he did not blame him (R. 498).

Butter Wrapper Printing Reduction.

The reduction of 6¢ in butter wrapper printing prices in the latter part of May, 1928, brought the prices of Kalamazoo, West Carrollton and Paterson down to the price to which Story had cut it on March 13, 1928 and had continued to cut it until it was forcibly brought to the attention of each of the concerns by their respective salesmen early in May.

There is no evidence that the cut of any of them was made for any purpose except to save their own trade which they were threatened with losing by the cut which Story had made.

Special Concessions by Defendants Separately.

Paterson made special concessions to particular customers (R. 493, 500, 503). There is no evidence of any concert in this. The indications are that it was not

known even, to Kalamazoo or to West Carrollton. There is no evidence that either Kalamazoo or West Carrollton made these concessions. Swift had a special printing price from Paterson (R. 493). Where a customer was so large that a jobber must sell him at the wholesale list price, Paterson gave the jobber 5% on these particular sales (R. 500, 503). Only one of these jobbers was sold by Story (R. 578, 503). In other cases the jobber bought at the wholesale list price (R. 500). He made his profit by selling at the retail price, from one to six cents higher (R. 500, 471, 472).

All this was antipodal to concert or conspiracy.

Purposes of Parchment Association.

Because the trial of this case was focused on Story, the evidence as to the Association dealt chiefly with its relation, if any, to Story. In this way the evidence magnifies Story in proportion to the purposes of the Association.

The evidence introduced by the plaintiff shows that the purposes of the Parchment Association were lawful, and laudable, and not to create a monopoly or restraint of trade. Notwithstanding the looseness of the meaning of the word "association" it is probably an overstatement to call this an association. It had no organization, no officers, no records, and no funds or power to incur liability. It took no steps. The word meant little if any more than the inclination of the manufacturers to confer together from time to time on matters of interest to all of them. In recent years, each has had the same lawyer and has paid him separately an equal amount.

In the foregoing sense there was an association, like there has been in other branches of the paper industry, before Kalamazoo was incorporated (R. 519). The invitation to Kalamazoo to join must have come through the Department of Commerce (R. 519). Paterson and

West Carrollton were already in. As other companies entered the industry, they joined (R. 519, 538). Story set out, as above described, to cut prices 5% (R. 551). They made no request to join. They were not invited (R. 474).

Although the Association appears to cover the period of twenty or more years before Story was organized, the correspondence in evidence about it begins about two years before Story was organized (R. 25).

This correspondence begins with Dohan's advice to Paterson about the decision in the Pittsburgh Plus case and the applicable legal conclusions to draw from it. Next comes the parchment business in Germany (R. 26). Then comes a report of the Department of Commerce (R. 26). Then is a discussion of quality of water for manufacturing purposes (R. 27). Next is customers' methods of payment (R. 28). Then is the prospect of a meeting during the Paper Convention Week in New York (R. 28). Then comes the importance of the Import Committee of the American Paper & Pulp Association (R. 29). Then is a complaint about false advertising (R. 29). Then comes the foreign parchment situation and its effect on conditions of American manufacture (R. 30). Then dumping by foreign manufacturers is discussed (R. 30), and foreign parchment that is coming into the country, and the report of the Department of Commerce thereon (R. 30). Then comes comment on the unfavorable prospects of a parchment plant and other possible uses for parchment (R. 31). Then comes a letter from the American Consul in France thought to be valuable for the files of Mr. Bullock of the American Paper and Parchment Association (R. 31). Then comes Paterson's capacity to furnish waterleaf (R. 32). Then the annual fees are fixed (R. 32). Then comes correspondence with the Import Committee with reference to offerings of imported parchment (R. 32). Then comes a bill for

services as to imports and tariff (R. 33). Then comes disquiet over large importations of vegetable parchment into Philadelphia (R. 33). Then comes the subject of taxes (R. 34). Then is a discussion of fraudulent advertising of a competing product (R. 35) and the possibility of asking the assistance of the Federal Trade Commission (R. 35). Then comes the possibility of a campaign backed by the American Paper and Pulp Association against such advertising (R. 36). Then comes a proposal to get the evidence together for a meeting on the import situation and of the trade lost to each by importations (R. 38). Then comes the matter of definitions of vegetable parchment and a letter of Levin's concerning this (R. 39), and the proposed definitions and the importance of getting them right for use in subsequent tariff legislation (R. 39). They are stated in detail (R. 39–41). Then comes a discussion of separation in accounting of tenant property from manufacturing property and its effect on the outstanding bond issue (R. 42). Then comes the matter of definitions in reports for import matters before the Tariff Commission (R. 43), and the injury sustained from importation of parchment and its lower prices. Then come changes in definitions (R. 44). Then is the report on parchment imports for the Tariff Commission (R. 44). Then the definitions are revised (R. 45–47), and their submission to the American Paper and Pulp Association (R. 47). Then comes a discussion of other methods of financing (R. 48–51). Then is the matter of house building (R. 53). Then is a discussion of the sale of one of the waterleaf mills (R. 54), and its appraisal (R. 55). Then come arrangements for the meetings of the American Paper and Pulp Association (R. 55). Then there is more about appraisal of the waterleaf plant (R. 56, 57, 58). Then there is submitted the decisions of the Supreme Court in the Cement Manufacturers' case and the Maple Flooring Manufacturers' case (R. 59). Then comes more

as to the sale of the Modena waterleaf mill (R. 60). Then each company pays Mr. Dohan $500 for a year's services (R. 62). The possibility of the Modena sale continues (R. 62). Then comes the prospect of a meeting in Washington (R. 63, 64). Then comes postponement of the sale of the waterleaf mill (R. 65). The Washington meeting is abandoned (R. 66). New York is substituted (R. 68). Then Dohan sends the pamphlet "What Price Progress" (R. 69). Then arrangement is made for a meeting at the time of the Sesquicentennial in Philadelphia (R. 72). Then comes arrangement for a meeting of the Import Committee to follow up the matter of the recent letter of Mr. Bullock of the American Paper and Pulp Association about Belgian parchment (R. 73). Then is a discussion with a manufacturing man about various manufacturing conditions (R. 74). The meeting as to Belgian parchment matter is set (R. 75). The discussion of manufacturing processes continues (R. 75). Then come references to freight loadings (R. 76). Freight rates were discussed (R. 475). Then comes the expression of doubt as to whether the American mills can meet the Continental competition in the Australian market (R. 77). The discussion of the Australian business continues (R. 79). They discussed national advertising to create a greater demand for parchment for new uses (R. 521). Then arrangements are made for attending the Paper Convention (R. 81) which will make it possible to get in touch with Mr. Hecht and Mr. Bullock at the American Paper and Pulp Association (R. 81). Then comes the possibility of getting a new jobber for Paterson (R. 82).

Just before the meeting of February 25, 1927, comes the first reference to Story — a letter from Kalamazoo's President to one of Kalamazoo's salesmen (R. 83). He suggests that the actual over-capacity of the parchment manufacturing plants for the available business be called to the attention of these men before they start another

factory (R. 83). The letter stated the true situation (R. 522). Paterson was running 3 or 4 days a week (R. 522). Kalamazoo was running about 65% capacity (R. 518). Then comes a discussion of investigating with the Bureau of Animal Industry as to the kind of paper to be used in wrapping certain meats for health safety (R. 86). Then comes the difficulty with the import situation due to recent reports of offerings from Germany and the importance of getting the reports of imports (R. 87). Then comes the importance of attendance at the meeting on this account (R. 87). Then comes the matter of Dohan's charges (R. 88). Then Kalamazoo's President writes on April 22, 1927, to Kalamazoo's salesman about offering to sell the new concern a spare machine and the prospects for parchment (R. 89). Paterson's Treasurer writes Dohan a week later about Paterson's difficulties with buying resistance, producing lower prices (R. 90). Then Dohan writes the Shedd Creamery about a mill for sale (R. 91). Then Paterson's salesman reports to Paterson's Sales Manager about the new parchment mill rumors (R. 92). Kalamazoo's salesman reports a part of similar information to Kalamazoo (R. 93). Then come shipping problems, and the report of the Atlantic States Shippers Advisory Board (R. 94). Then Paterson's Treasurer writes to Dohan further information as to the new project (R. 95).

Then comes advice on Canadian tariffs on vegetable parchment, and suggestion of a meeting (R. 95). Then comes discussion of the quotations on imported parchment (R. 97). Then comes one of the offerings of imported parchment at a price below that of any of the defendants (R. 99). Importations of parchment from abroad had made great inroads on their business (R. 520). They had constant competition from imitation parchment (R. 520). Then comes payment to Mr. Dohan for his services. Then comes advice about price agreements (R. 101). Then Kalamazoo's salesman reports to Kalamazoo's

President as to the building that Story is doing (R. 102). Then comes an objection from outside as to the confusion in definitions in the parchment industry (R. 103).

This brings the matter to the date when Story began to quote the 5% cut in October, 1927. The actions of the defendants with respect to Story from this time on have been dealt with above.

Then comes revisions of the definitions in the parchment industry to meet the objections (R. 109). Outside complaints as to the definitions continue (R. 109). The Paper and Pulp Association's committee proposed to deal with the subject in Washington on November 29 (R. 110). Then comes the Customs Bureau report on importation of foreign parchment (R. 112). French importations are not the only ones. The Bureau believes there is no dumping (R. 112). The definitions discussion continues (R. 114). Then comes complaint of false advertising (R. 114, 122). Then come inquiries as to whether they can meet in Washington on the definitions matter (R. 123, 146, 151). Dohan's illness makes the Washington conference on definitions impossible. He takes the matter up by letter (R. 152). Proposed definitions are approved. November 29, 1927, Kindleberger thinks there is no need of a meeting (R. 159). December 21, 1927, Dohan, still ill, suggests a meeting (R. 195). Kindleberger suggests waiting until the meeting of the American Paper and Pulp Association in February (R. 196).

On January 9, 1928 Dohan advises as to possibilities of a South American trade and the tariff situation on it (R. 210). Dohan advises again as to these foreign tariffs (R. 258). On February 15, 1928, he deals with this again (R. 291). Then Dohan gives information that he has obtained as to pulp (R. 408). Then comes a merger of one of Paterson's jobbers (R. 408). Then comes the

matter of tariff revision (R. 413). Dohan thinks there should be a meeting (R. 422).

Then reports of importation of vegetable parchment are discussed (R. 429). The meeting is arranged (R. 434). In March, 1928, they discussed importation of vegetable parchment into eastern territory (R. 533). Preparation of brief is desired on the tariff, for the American Pulp and Paper Association's general tariff committee (R. 466). Kalamazoo approved Dohan's preparing this June 5, 1928, and then sent him material for it (R. 468). Then Dohan writes concerning a new manufacturing question (R. 469, 470). They discussed the low-priced business that was coming in from Belgium (R. 521).

Throughout, there is no evidence, either oral or written, that there was any association for the purpose of restraining or monopolizing trade or that anything was done tending to that end.

It is not unlawful to combine in association just because "uniformity of prices and limitation of production are necessary results of these activities of the defendants" and the dissemination of information tended to produce uniformity in price and "there is a substantial uniformity of price" and "variations in price by one manufacturer are usually promptly followed by like variation throughout the trade" and "any change in quotation of price to dealers, promptly becomes well known in the trade through reports of salesmen, agents, and dealers of various manufacturers" and "there were frequent changes in price, and uniformity has resulted, not from maintaining the price at fixed levels but from the prompt meeting of changes in prices by competing sellers" and the members are a combination.

Cement Manufacturers Protective Association v. *United States*, 268 U. S. 588, 604, 605.

Maple Flooring Manufacturers Association v. *United States*, 268 U. S. 563, semble.

Waterleaf.

Paterson and Kalamazoo manufactured their own waterleaf. West Carrollton purchased its waterleaf from the Wakana Paper Company, from the Mishawaka Paper Company (R. 538) and from Kalamazoo. The prices paid Kalamazoo for it were determined by the prices obtainable from Wakana and *vice versa* (R. 195, 284, 292, 302, 321, 331, 357, 360, 364, 365, 532). These prices were in accord with the prices that Story was paying to The Bryant Paper Company for its waterleaf (R. 580).

Prices not Reduced below Cost or a Reasonable Profit.

Plaintiff's declaration is based on the charge that defendants' act in combination to destroy the plaintiff's business was by agreement to reduce prices below a reasonable cost and profit (R. 8). There is no evidence to prove the allegation. Not only did the defendants not combine or agree to reduce, but also neither of the defendants reduced below a reasonable cost and profit.

Plaintiff's Treasurer did *not* think, when plaintiff quoted prices lower than those made by the defendants to the same customers and to the same classes of customers, that plaintiff was cutting the price "*below a fair price*" (R. 582). Kalamazoo's president did not think that its prices would require doing business at a loss or at a very small profit (R. 526). Even when running at one-half capacity plaintiff could manufacture at 14.2¢ per pound average (R. 578). Story's general manager was reported to say that a selling price of .14¢ for 40-lb. parchment would yield a good profit (R. 332).

Paterson's average price on all sales, wholesale and retail, in 1928 (R. 473, Exs. P–31 to 50) was: — January, 15.8; February, 15.6; March, 15; April, 15.2; May, 15.5; June, 15.4; July, 15.5; August, 15.1.

The plaintiff put in evidence the figures from the books of Paterson, Kalamazoo and West Carrollton (R. 473) to

show sales, costs and profits. They are before this Court as Exhibits P-31 to 50, K-332 and W-159, respectively. They show that the profits of the parchment departments (R. 545) after the payment of depreciation and taxes (R. 505), including income taxes, were as follows:—

Net Profits of Parchment Business of Defendants, Respectively.

1927	Paterson Exhibits 31–50 Inclusive	Kalamazoo Exhibit 353	West Carrollton Exhibit 159
January	$18,787.85	$29,740.65	
February	38,632.03	16,294.62	
March	50,502.67	23,191.51	
April	53,789.80	25,936.47	
May	44,380.29	21,450.52	
June	64,008.70	23,682.76	
July	59,374.38	23,253.19	$ 1,567.53
August	63,378.37	28,258.65	18,904.90
September	68,258.37	33,379.92	8,329.67
October	67,774.73	10,925.33	1,806.91
November	52,304.98	21,717.43	15,736.48
December	35,299.86	8,144.95	2,809.57
1928			
January	24,151.54	$16,980.95	6,257.91
February	23,311.97	16,787.14	11,547.38
March	28,678.47	24,281.58	1,755.24
April	19,302.15	22,485.42	13,542.98
May	38,551.55	15,617.00	7,769.64
June	39,605.90	19,977.79	—3,398.95
July	43,322.45	22,084.63	5,989.06
August	33,661.10	15,748.12	3,600.54
September		15,632.36	9,948.80
October			18,230.62

THIRD

THE PLAINTIFF HAS HAD A TRIAL BY JURY WHICH HAS RESULTED IN A VERDICT FOR THE DEFENDANTS WHICH CALLS FOR JUDGMENT FOR THE DEFENDANTS

The plaintiff introduced before a jury all the evidence that there was to show that the defendants were liable. That evidence was, as matter of law, insufficient to show any liability on the part of the defendants. Therefore, the defendant is entitled to a verdict. Under these circumstances, and expressly, "the jury find for the defendant" (R. 13).

The Constitution does not give a right to two jury trials.

When the jury has found for the defendant, the proper order is a judgment for the defendant.

In *Northern Ry. Co.* v. *Page*, 274 U. S. 65, judgment had been ordered for the defendant on an alternative verdict (67). In the case at bar, the District Court should have made the same order. In the case cited the Circuit Court of Appeals vacated the order and directed judgment for the plaintiff (68). This Supreme Court reversed that judgment (75). The case went to judgment for the defendant. The decision is a conscious one (67) that inasmuch as under the circumstances the jury has given a verdict for the defendant, judgment should be entered for the defendant.

CONCLUSION

The plaintiff's failure is due wholly to an attempt, with insufficient capital and with no newly patented methods, to enter an overcrowded industry to compete with established competitors by attempting to make sales not to new consumers but exclusively to existing customers of the competitors already in the field and to do it by cutting prices below those of the existing competitors. This is not merely the weight of the evidence. It is the only evidence.

The defendants have not combined to reduce prices. They discussed the plaintiff's price-cutting. They made their reductions separately. Some of them, they made without warning to the other competitors. Some of them, they told to the other competitors before they made them. Each made them, understanding that they were necessary in order to meet reductions already made by the plaintiff. They made them to keep their customers from yielding to the lower prices made by the plaintiff. They did not agree to reduce. It was not necessary. The reductions were not under the compulsion of an agreement. They were voluntary except in so far as they were compelled by the price-cutting war opened by the plaintiff. This is not merely the weight of the evidence. It is the only evidence. "Its first effort to obtain trade was to deal direct with the large packers and jobbers and offer a five per cent discount on the prices then offered by the defendants" (R. 615).

Respectfully submitted,

EDWARD F. McCLENNEN,

JOSEPH M. DOHAN,

Attorneys for Respondents.

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Supreme Court of the United States

October Term, 1930

No. 57

STORY PARCHMENT COMPANY
Plaintiff-Petitioner

v.

THE PATERSON PARCHMENT PAPER COMPANY
and
KALAMAZOO VEGETABLE PARCHMENT COMPANY
Defendants-Respondents

RESPONDENTS' PETITION FOR REHEARING

EDWARD F. McGLENNEN
JOSEPH M. DOHAN
For Respondents.

March 16, 1931.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1930

No. 57

STORY PARCHMENT COMPANY
Plaintiff-Petitioner

v.

THE PATERSON PARCHMENT PAPER COMPANY
and
KALAMAZOO VEGETABLE PARCHMENT COMPANY
Defendants-Respondents

RESPONDENTS' PETITION FOR REHEARING

The respondents respectfully request leave for a rehearing of this case on the ground, first, that the Court has been led into a misapprehension as to the contents of the record; and second, that the Court has decided against the respondents on four assignments of error not passed on by the Circuit Court of Appeals and without the consideration of any brief thereon for the respondents and without an opportunity to the respondents to present argument in support of these assignments. These grounds in more detail are as follows: —

The respondents'-defendants' first assignment of error was the refusal of the defendants' motion to direct a verdict for the defendants on the ground that on all the evidence the plaintiff is not entitled to a verdict (R. 607).

This assignment was sustained in the Circuit Court of Appeals (R. 621).

This made it unnecessary for the Circuit Court of Appeals to pass in terms upon the other assignments although its opinion was favorable to some of the other assignments. That Court said: — "In this respect we think the charge was defective" (R. 618).

FIRST

THE COURT HAS BEEN LED INTO A MISAPPREHENSION AS TO THE CONTENTS OF THE RECORD

The defendants' principal contention was that there was **no evidence** that the defendants' acts were a **combination to monopolize or to restrain trade.** It was not that the weight of the evidence was one way or the other.

The Circuit Court of Appeals had no occasion to deal at length with this contention, because of its conclusion that the evidence was insufficient to warrant the jury in finding that the plaintiff suffered injury from any illegal acts of the defendants. The only statement of any ruling or finding by that court against the defendants is that "without expressing any opinion as to the soundness of the jury's conclusion, there was sufficient evidence to go to the jury on the issue of a concerted action by the three old companies to fix their prices so as to prevent the plaintiff from acquiring any part of **their** trade" (R. 616).

There is no finding by the Circuit Court of Appeals that there was any conspiracy to monopolize or to restrain trade.

Most traders fix their prices so if possible as to prevent competitors from acquiring any part of their trade. This Supreme Court, in its opinion handed down February 24, 1931, says: — "There is evidence in the record to the effect that the three companies named, prior to the time petitioner entered the field, had maintained uniform prices and enjoyed a substantial monopoly of the interstate trade in parchment paper. There is also evidence, sufficient to justify the action of the district court in submitting the issue to the jury, that after petitioner began business the three companies combined

and conspired to continue this monopoly in violation of §2 of the Sherman Anti Trust Act, c. 647, 26 Stat. 209. The verdict of the jury and the judgment thereon of the district court have the effect of a finding in favor of petitioner upon that issue; and to that extent the verdict and judgment were sustained by the court below. There is enough evidence in the record to preclude an interference on our part with these concurrent findings."

With the utmost respect it is submitted that this states more of a finding than the Circuit Court of Appeals had made. That court made no findings except in its opinion. In that opinion it finds that the three companies were the only producers in this country (R. 614); and that they maintained an association for discussion of questions affecting their common interests, holding meetings every two months at which representatives of such companies with their counsel attended and discussed the condition of the trade (R. 614); and that they had maintained a uniform price for their product and enjoyed a practical monopoly (R. 614); and that the plaintiff or its organizers knew this when they entered the field (R. 615); and that the plaintiff entered and started and precipitated a price war (R. 615).

The Circuit Court of Appeals ruled that individuals may in competition lawfully reduce prices below a fair and reasonable level (R. 618).

This Supreme Court purports to rest its opinion not on its own examination of the record but on the supposed finding of the Circuit Court of Appeals, concurring with the jury, that the three companies had combined and conspired to continue a monopoly in violation of Section 2.

It is respectfully submitted that an examination of the opinion of the Circuit Court of Appeals shows (R. 614) that it used the term "monopoly" as meaning that the three companies were the only manufacturers and, therefore, had substantially all the trade. It was not

used to indicate that that condition had come about by any unlawful conspiracy or by any other unlawful step.

If the case is to be disposed of on the findings of the Circuit Court of Appeals, in confirmation of those of the jury, the case presents the clear-cut issue of law, whether concerted action to fix prices so as to prevent competitors from acquiring existing trade and so as to retain that trade is, without more, unlawful conspiracy.

It is respectfully submitted that this question of law is not dealt with in the opinion of the Court. It is submitted that it would require a new step in the development of the law, to reach such a conclusion; and that, judged by the decisions of this Court heretofore, concerted action in fixing prices low enough to prevent competitors from acquiring existing trade by getting the existing trade for themselves, is not an unlawful act.

In the absence of agreement, the decisions of this Court heretofore have led counsel advising clients what they lawfully may do, to believe that it was not unlawful if they "as a necessary measure of self-protection made generally material reductions in the prices" of the goods which they manufacture (*United States* v. *International Harvester Co.*, 274 U. S. 693, 708) or associate for their common interest even if "uniformity of prices and limitation of production are necessary results of these activities of the defendants" and "there is a substantial uniformity of price" and "variations in price by one manufacturer are regularly followed by like variations throughout the trade (*Cement Manufacturers Protective Assn.* v. *U. S.*, 268 U. S. 588, 604, 605; *Maple Flooring Manufacturers Assn.* v. *U. S.*, 268 U. S. 563, semble).

The evidence in the record goes no further than this. There is no evidence that at the meetings of the Parchment Association anything wrong had been said or done. They are set out in great detail in the record, and fully summarized in the original brief for the defendants

(pages 37 to 43). There is no evidence that in any meetings or communications between the defendants they had said or done anything wrong. These are set out in great detail in the record and fully summarized in the principal brief (pages 13 to 37).

This record is not one of conflicting evidence. It shows no wrongdoing unless this is: — The three concerns were the only manufacturers. Importation was not large. They met frequently and discussed their common interests. Without any agreement, each had prices substantially the same as the others. They let each other know when they were going to make general changes in price lists. The plaintiff knew of this situation. The plaintiff started a price war against the defendants. The defendants discussed the plaintiff's methods. They made no agreement to reduce prices. They continued as before, to let each other know when they were going to make a general reduction. The reductions never brought the prices below those already quoted by the plaintiff. **They were made for the purpose of keeping the existing trade of the defendants.**

Nothing in the record has been pointed out by briefs or oral argument for the plaintiff that constitutes any combination or conspiracy or any other unlawful act.

It is respectfully submitted that the opinion proceeds upon the belief that there was something more in the record and in the opinion of the Circuit Court of Appeals than was there.

Unless the Court means that this state of facts without more constitutes an unlawful combination or conspiracy to monopolize, there was no evidence on which a jury could base a finding that there was an unlawful combination or conspiracy to monopolize. It is respectfully submitted, in view of the prior decisions of this Court cited above, that it was not the intention to say that that much and no more constituted an unlawful

conspiracy or combination to monopolize, and that the opinion is based on the belief that there is something more in the record than is there.

This opinion, if it stands, **will be read to mean,** for applied to the record facts, it amounts to saying **that it is the law, that if a new comer with knowledge that the old have uniform prices enters the field with cut prices** (R. 615), **all the old may not reduce theirs at the same time, but must keep them up and let the new get their existing trade, or they will be guilty of the crime of attempting to monopolize in violation of section two.** It is submitted that this has not been the law and that it should not become so.

SECOND

THE COURT HAS DECIDED AGAINST THE RESPONDENTS ON FOUR ASSIGNMENTS OF ERROR NOT PASSED ON BY THE CIRCUIT COURT OF APPEALS AND WITHOUT THE CONSIDERATION OF ANY BRIEF THEREON FOR THE RESPONDENTS AND WITHOUT AN OPPORTUNITY TO THE RESPONDENTS TO PRESENT ARGUMENT IN SUPPORT OF THESE ASSIGNMENTS

The time allowed for argument was insufficient properly to present the fundamental question in the case and to leave any time in which to discuss the other assignments of error. The brief for the petitioner (p. 10) said: — "We understand that we have the right to discuss and intend to urge only those errors of the Circuit Court of Appeals made the basis of the petition for certiorari." That brief contained no reference to the other assignments of error.

The defendants' counsel believed that it was the desire of the Supreme Court that questions not considered by the Circuit Court of Appeals and not involved in the fundamental question before the Supreme Court, should be passed upon first by the Circuit Court of Appeals (*Liberty Oil Co.* v. *Condon National Bank*, 260 U. S. 235, 245; *Brown and Schermerhorn* v. *Fletcher*, 237 U. S. 583, 588; *Krauss Bros. Lumber Co.* v. *Mellon*, 276 U. S. 386, 394). This assumption was stated in the original brief for the respondents (page 2), filed after reading the above quoted statement in the brief for the petitioner. Counsel for the respondents were not aware from anything that occurred in court or otherwise, until the decision of this case, that they were under a misapprehension. In view of this misapprehension, defendants ask that they may have an opportunity to present either to this Court or to

the Circuit Court of Appeals, whichever best serves the convenience of the Court, arguments in support of the Fourth, Sixth, Seventh and Eighth assignments of error.

The Circuit Court of Appeals has already said with respect to one of the assignments: — "In this respect we think the charge was defective and must have misled the jury as to the measure of damages on this phase of the case (R. 618).

The defendants ask leave to file the following brief: —

Fourth Assignment

The District Court erred in the Charge to the Jury as to Recovery on Account of Plant Value

The portion of the charge in this respect to which exception was taken, was that: —

"I am going to let you gentlemen decide whether it was diminished at all, and, if so, to what extent, if you are able to do it . . . if you believe that that [Mr. Goldmann's testimony] is to be taken as a good basis for your conclusion as to the extent of the diminution, why, the difference between the cost and the present value would be $160,000. Of these two elements, the loss of profits on the goods sold, if you find that all the conditions existed that I have enumerated, and that the plaintiff can recover *that* loss would be $20,000, and whatever you may find, if anything, will fairly and reasonably represent the extent to which the value of the property is diminished. I think that it must be so that there has been a diminution; I think that it must be said that the property has diminished. It is worth less with the company out of business than it would be with the company in business. If upon the evidence you are able to say how much, that, of course, would be an element of damage . . . I think that the only thing that you can consider in estimating the damages to be awarded the plaintiff in this suit is the

loss in profits on the goods actually sold, and the loss sustained in the damage to its property" (R. 607).

It is respectfully submitted that this portion of the charge was objectionable (R. 604) because **it assumed that the plaintiff would have been able to go on in business** if there had not been a combination (R. 604). Under the instruction as given, if the jury found that there was a combination and that the plant was worth less than it cost, the difference was recoverable **even if the jury reached the conclusion that the plaintiff would have been unable to go on in business anyway.** Under this portion of the charge, if the jury reached the conclusion that there was a combination and that the value of the property had been diminished, it became the duty of the jury to find a verdict against the defendants for the amount of that diminution, even if they did not reach the conclusion that the combination was the cause of the diminution, and even if they reached the conclusion that the plaintiff could not have succeeded in any event. **There is nothing in the charge to advise the jury that there must be any element of causation from the combination to the diminution** (R. 601).

The only damages which the plaintiff had any right to recover were those which the plaintiff sustained "by reason of" any combination or conspiracy if any, of the defendants (*Code*, Title 15, §15.)

It is not enough that the defendants restrained trade or monopolized it and that the plaintiff did not succeed in business. It must appear also that the plaintiff's damages were in an ascertainable amount and that they were caused "by reason of" the defendants' unlawful conduct.

Jack v. *Armour & Co.*, (C.C.A. 8th) 291 Fed. 741, 745 Semble.

Noyes v. *Parsons*, (C.C.A. 8th) 245 Fed. 689.

Sixth Assignment

The District Court erred in admitting a question to the witness Goldmann, and the answer thereto, as to Market Value

This question was, "Now I am going to ask you if you will state what was the fair market value of the entire plant equipped in the way that you have described, as of the first of June 1928?" (R. 608). The answer was, "I should estimate the damage at 75 — the value at $75,000 in June" (R. 564).

(1) The fair market value of this plant as of the first of June, 1928 was not relevant. There was, and could be, no evidence in the case as to the fair market value of the plant at any other time or under any other conditions. It was not possible to make any comparison with value under any other conditions. The question did not relate the value inquired for, to any acts of the defendants or to any conditions caused by any acts of the defendants.

(2) This evidence was highly prejudicial and misleading to the jury, because it was fitted to lodge in the minds of the jury the idea that this value of $75,000, when related to the cost of $235,000, had something to do with the liability of the defendants for the difference. The danger of this was increased by the use of this evidence made in the charge as discussed above under the Fourth Assignment.

(3) The Court found that Goldmann was not an expert (R. 601). Goldmann was not an expert or qualified in any way to express an opinion on the fair market value of a parchmentizing plant. He was a ladies' garment manufacturer (R. 546, 565). He had never bought or sold in the market, any such plant. He had never heard of any such sale. Of the cost, $235,000, three-quarters — $151,960.34 and $24,471.94—was for special machinery (R. 579). He had never attempted to market such a

plant. He did not know whether there were any possible purchasers or sellers of such a plant, or, therefore, what price they would pay and take. So far as fair market value could be deduced from cost, the cost was before the Court and jury and Goldmann's estimate could add nothing. His estimate could not be an opinion. It could be no better than a guess.

Seventh Assignment

The District Court erred in admitting the question to the witness Goldmann, and the answer thereto, as to a conversation with Koch

This was a conversation which Goldmann had with Koch in Chicago about the middle of February, 1928. The plaintiffs' counsel offered it as evidence that the defendant competitors had said something when they were in Chicago. The question was, "And was it at that time that you learned something with regard to the prospective cut in price of your competitors?" (R. 608). The answer was, "Yes, sir" (R. 554).

It is noteworthy that the question was not asked for the purpose of showing the information on which Story acted. It was asked admittedly and expressly not for the purpose of showing what Goldmann had learned, but for the purpose of showing the fact that the defendants had, on or about February 16, 1928, said something with respect to a prospective cut in price (R. 554). In this way the jury was informed that the defendants as early as February 17, 1928 had said something with respect to a prospective cut in price. The jury got this information by Goldmann's testimony that Story's agent, Koch, had informed him that the defendants had said something with respect to a prospective cut in price. It did not appear that the defendants had said this to Koch. Therefore the testimony was compound hearsay

of the fact that the defendants had said something with regard to the prospective cut in price.

This testimony was highly prejudicial to the defendants. The plaintiff was trying to maintain that Story's reduction of March 2d was the result of the defendants' plan of February 17, 1928 or prior thereto, not carried into effect until March 9th.

There was no evidence in the case to support any such contention except this piece of compound hearsay. Counsel for plaintiff endeavored to avoid the brunt of this objection by refraining from having the conversation, itself, stated. But this did not affect the result. All that he was after was enough to contend that in substance, the defendants' cut came first. This slight touch of compound hearsay was just as effective as if the language of the conversation had been stated. There was no opportunity to cross-examine Koch as to where he got the information, or in what terms it was couched, or whether it was traceable in any way to the defendants.

The question was objectionable, further, because it called for the results of the conversation in that the witness was asked whether he "learned something." If the subject matter had been admissible at all, it should come only in the terms of what Koch said to him.

The state of Goldmann's learning in this respect was not itself a relevant fact. The plaintiff had a right to cut prices if that was the plaintiff's policy. It was immaterial to anything in the case that the plaintiff's cut was due to an expectation of a cut by the defendants. It was of importance that the defendants' cuts were because of information that they must make them to keep the trade which Story was taking away by cutting. But the plaintiff was not being sued and therefore it was not important to show what actuated the plaintiff in making the cut of March 2d.

But even if it had been important to do this, it was error to permit the plaintiff to show not merely the information which the plaintiff had, but to show as a fact, and expressly for that purpose, that "they [the defendants] had said something when they were there" (R. 554) "with regard to the prospective cut in price." This was an important fact, if it were so, and should not have been permitted to be proved by hearsay.

Eighth Assignment

The District Court erred in admitting the question to the witness Goldmann, and the answer thereto, as to a conversation with Moyer

This conversation was on May 17, 1928. The question was, "Will you state what your conversation was?" (R. 608). The answer was, "I introduced myself to Mr. Moyer, took a seat, and was there probably ten minutes, asking him if he could make money at the present price of parchment, and he told me that he could not. He wanted to know if we could, and I told him no. That was the gist of the conversation, and very little more than that was said. He wanted to know where I was going. I told him, and he wanted to know whether I couldn't stay a little longer, said that he liked to talk to his competitors, that he thought it was good business to be on friendly terms with his competitors. He wanted to know if I was coming back that way, and if I would stop on the way back. I told him that if I came back that way and had the time, I would. That is about all that I recall of the conversation. He walked with me to the head of the stairway, and he said something about these reductions in prices — and I mentioned that they were undoubtedly responsible — or he said something about our being responsible for it, and I said, 'Well, you know better than that' " (R. 561–2).

Moyer was a witness called by the plaintiff. He was not a defendant. He had not been asked concerning this conversation; therefore it was not admissible to contradict him. It did not contradict him. This evidence was another piece of pure hearsay, offered to prove an important fact.

The plaintiff's declaration alleged a reduction of price below reasonable cost and profit. The figures which the plaintiff had introduced from the defendants' books disproved this allegation. There was no evidence to support the allegation except this conversation.

In this way, by hearsay, the plaintiff was permitted to introduce evidence that Moyer could not make money at the present price and that the plaintiff could not (R. 561).

Manifestly this hearsay to prove an otherwise unproved essential allegation of the plaintiff's declaration, was highly prejudicial to the defendants.

This was not all of it. The conversation gave an opportunity to Goldmann to show that he had asserted to Moyer that the plaintiff was not responsible for the cuts, namely, "he [Moyer] said something about our being responsible for them, and I said, 'Well, you know better than that' " (R. 562).

The prejudice was peculiarly grave, because the conversation was left unanswered. The plaintiff had taken Moyer's deposition in Ohio before the trial, and had introduced it in evidence at the trial. This testimony from Goldmann came several weeks after the beginning of the trial and when there was no opportunity for the defendants to cross-examine Moyer as to whether any such conversation had occurred.

Even if it had occurred, it was hearsay, and not admissible in evidence.

There was no evidence that Moyer was a conspirator with the defendants in respect to this conversation, or that the conversation took place in the course of carrying

out any conspiracy, or that in any way Moyer was authorized — expressly or by implication — to admit, for the defendants, that they could not make money at the present price.

It is an instance of the admission of pure hearsay as the only proof of an important allegation of the plaintiff's declaration.

Respectfully submitted,

EDWARD F. McCLENNEN
JOSEPH M. DOHAN
For Defendants-Respondents.

As counsel for the respondents we certify that in our opinion there is just ground for this petition. It is presented in good faith, and not for delay.

EDWARD F. McCLENNEN
JOSEPH M. DOHAN.

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Supreme Court of the United States.

October Term, 1930.

No. 57.

Story Parchment Company

v.

The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company.

MEMORANDUM FOR PLAINTIFF-PETITIONER IN OPPOSITION TO DEFENDANTS'-RESPONDENTS' PETITION FOR REHEARING.

EDWARD O. PROCTOR,
ISADORE LEVIN,
EDWARD C. PARK,
Attorneys for Plaintiff.

ADDISON C. GETCHELL & SON, LAW PRINTERS, BOSTON.

Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

MEMORANDUM FOR PLAINTIFF-PETITIONER IN OPPOSITION TO DEFENDANTS'-RESPONDENTS' PETITION FOR REHEARING.

The petition for rehearing is divided into two parts, the first directed to the proposition that "The Court has been led into a misapprehension as to the contents of the record," and the second devoted to an argument on four minor assignments of error not discussed in the defendants' original brief, but discussed in our reply brief, pages 57 to 59.

I.

This Court has Correctly Understood the Record.

The supposed misapprehension asserted was in believing that the Circuit Court of Appeals had decided that there was evidence of a conspiracy by the defendants to monopolize or to restrain trade.

Now, obviously, there was no misapprehension by this Court of the record. The opinion of the Circuit Court of Appeals upon that issue plainly states that there was such evidence. The Court of Appeals said:

> ". . . the plaintiff does not ground its action on a conspiracy to restrain trade under Sec. 1 of the Sherman Act, though the indirect effect of a monopoly is to restrain trade, but on a conspiracy to maintain a monopoly under Sec. 2.
>
> "On this issue, alone we think there was no error in the refusal of the Court to instruct the jury to bring in a verdict for the defendants. Without expressing any opinion as to the soundness of the jury's conclusion, there was sufficient evidence to go to the jury on the issue of a concerted action by the three old companies to fix their prices so as to prevent the plaintiff from acquiring any part of their trade" (R. 616).

It is only the last sentence quoted which defendants have regarded. Apparently, by fixing their attention upon those words to the exclusion of what went before, they have persuaded themselves that the Circuit Court of Appeals failed to decide that "concerted action by the three old companies to fix their prices so as to prevent the plaintiff from acquiring any part of their trade" was concerted action to monopolize or restrain trade, and that this Court so decided only inadvertently.

So it is said, on page 5 of the petition for rehearing:

> "If the case is to be disposed of on the findings of the Circuit Court of Appeals, in confirmation of those of the jury, the case presents the clear-cut issue of law, whether concerted action to fix prices so as to prevent competitors from acquiring existing trade and so as to retain that trade is, without more, unlawful conspiracy."

But if this Court decided that question inadvertently, it was not because the point was not brought to its attention by the defendants. Indeed, in their original brief, the extraordinary argument was made that—

> ". . . if prices have been maintained in concert, an agreement to lower them is not only not an agreement in restraint of trade but it is an agreement to remove an existing restraint of trade.
>
> "As matter of law, even had there been an agreement to reduce prices and a reduction of them pursuant thereto, it would not have been an agreement in restraint of trade, or a restraint of trade.
>
> . . . . . .
>
> "A combination to reduce prices is not a combination to restrain trade" (Defendants' Brief on Merits, pp. 12-13).

The defendants, of course, had an opportunity to make the same arguments before the Circuit Court of Appeals.

But, of course, it is settled that concerted action to fix prices is in restraint of trade, even though the prices fixed are reasonable.

> *United States* v. *Trenton Potteries Co.*, 273 U.S. 392.
>
> *Live Poultry Dealers' Protective Ass'n* v. *United States*, 4 Fed. (2d) 840, 842.

A fortiori, a combination to reduce prices to a level below cost, for the purpose of driving a newcomer out of trade, is one in restraint of trade.

The fact that the conspirators intend thereby to *retain their trade*, when they have a monopoly threatened by the competition of the newcomer, is hardly an excuse. Where those in the combination already occupy the whole field, a

purpose to retain what they have, necessarily comprehends a purpose to exclude all others and to monopolize.

Patterson v. *United States*, 222 Fed. 599, 622:

> "Now the offense of monopolizing consists not only in obtaining or securing, in the first instance, a monopoly by the wrongful acts of individuals, but in holding and maintaining it by such acts."

Standard Oil Co. v. *United States*, 221 U.S. 1, 61:

> "Undoubtedly, the words 'to monopolize' and 'monopolize' as used in the section reach every act bringing about the prohibited results."

But, while the defendants, on page 5 of the petition, define the issue as the legality of concerted action to fix prices so as to prevent competitors from acquiring trade, on page 7 they conclude that the opinion means—

> "that if a newcomer with knowledge that the old have uniform prices enters the field with cut prices, all the old may not reduce theirs at the same time, but must keep them up and let the new get their existing trade, or they will be guilty of attempting to monopolize."

This distortion of the *ratio decidendi* of the opinion has no justification. It excludes the fact of concerted action for an unlawful purpose, and assumes that the plaintiff entered the field with cut prices, a charge which the plaintiff denied, and which the jury must have found not to be true. See the Court's charge (R. 599):

> ". . . and especially if you find that it adopted a policy of underselling old established companies, why then the defendants cannot be held responsible."

We submit that any misunderstanding of the record and of the legal principles involved in the case is wholly on the defendants' part. We find none in the opinion of this Court.

II.

There was No Error in the Court's Disposition of the Fourth, Sixth, Seventh, and Eighth Assignments.

These assignments were examined by this Court and disposed of in its opinion, or determined to be not of sufficient substance or materiality to call for consideration (Opinion, last paragraph).

No argument was made upon them in the defendants' original brief. They are now resurrected for discussion in the petition for rehearing. We find such inaccuracy in the statements of what the record contains, and of the specific matters upon which the assignments are based, that we cannot refrain from replying.

Fourth Assignment (R. 607).

The argument made by the defendants upon the Fourth Assignment is based solely upon the proposition that—

> "There is nothing in the charge to advise the jury that there must be an element of causation from the combination to the diminution" (Petition for Rehearing, p. 10).

This is not true.

The trial Court instructed the jury:

> "The plaintiff cannot recover here unless you are satisfied that the defendants have done something forbidden by the anti-trust laws, and that, as the result of that forbidden act, or acts, the plaintiff has been injured in its business or property" (R. 598).

. . . . . .

". . . The second proposition which the plaintiff has got to establish is that the plaintiff's loss was directly attributable to this unlawful combination" (R. 598).

. . . . . .

"It is incumbent upon the plaintiff to prove each and every one of these three propositions, and if it fails to satisfy you by a fair preponderance of the evidence that there was a loss directly attributable to it, and unless it enables you to find damages in an amount which may be expressed in dollars and cents, then the plaintiff cannot recover. . . .

"The second proposition, or the second question in issue, is whether the acts of the defendants resulted in injury to the plaintiff. It is necessary, in a suit of this kind, for a party to go farther than the government would have to go if it were proceeding under the anti-trust law. The government would prevail by showing only an unlawful combination; but an individual, when he seeks to invoke the statute in question, has to add one step more,—he has to satisfy the jury that the losses which the plaintiff sustained were the direct result of the unlawful acts of the defendants. I take it that the unlawful acts, if they are found to be unlawful at all, were the acts of reducing prices. Nothing else seems to have been done that could work an injury to the plaintiff. So that you have to decide whether the plight in which the plaintiff company found itself at the time that it brought its suit was primarily and directly attributable to the price reduction. If you find that it was attributable to want of capital, to lack of experience, to inefficiency, or to the adoption of an unwise policy, and especially if you find that it adopted a policy of underselling old-established companies, why, then the defendants cannot be held responsible for that loss, because the loss cannot be attributed to the unlawful acts of the defendants" (R. 599).

Seventh Assignment (R. 608).

This was discussed in our reply brief, page 59.

The circumstances under which the question was asked and answered appear in the record at page 554.

Eighth Assignment (R. 608).

This was discussed in our reply brief, page 59.

The testimony objected to is at record pages 561 to 562. Respondents' counsel claim that the prejudice to them from Goldmann's testimony—

> ". . . was peculiarly grave, because the conversation was left unanswered. The plaintiff had taken Moyer's deposition in Ohio before the trial, and had introduced it in evidence at the trial. This testimony from Goldmann came several weeks after the beginning of the trial and when there was no opportunity for the defendants to cross-examine Moyer as to whether any such conversation had occurred."

This impresses us as insincere, inasmuch as two letters from Moyer had been annexed to the depositions taken before the trial (Exhibit P, 429, R. 444; and Exhibit W-96, R. 446), in both of which Moyer narrates the parts of the conversation now regarded as so prejudicial, substantially as stated by Goldmann in his testimony. Respondents' counsel, so apprised of the testimony when the depositions were taken, failed to cross-examine upon them.

We respectfully submit that the petition for rehearing should be denied.

EDWARD O. PROCTOR,
ISADORE LEVIN,
EDWARD C. PARK,
Attorneys for the Plaintiff.

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Supreme Court of the United States.

October Term, 1930.

No. 57.

Story Parchment Company

v.

The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company.

MOTION FOR COUNSEL FEES AND BRIEF IN SUPPORT THEREOF.

EDWARD O. PROCTOR,
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Attorneys for Petitioner.

ADDISON C. GETCHELL & SON, LAW PRINTERS, BOSTON.

Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

MOTION FOR COUNSEL FEES.

Now comes Story Parchment Company, the petitioner in this Court and plaintiff in the District Court for the District of Massachusetts, and says that on February 24, 1930, this Court rendered a decision reversing a judgment of the Circuit Court of Appeals for the First Circuit against the petitioner and affirming the judgment of said District Court for the District of Massachusetts in favor of the petitioner; that the cause of action declared upon is one arising under the anti-trust laws of the United States; that the judge of said District Court, pursuant to the statute in such case made and provided, directed that there should be included in the costs of suit a reasonable attorney's fee in the amount of $27,500 to cover services in the District Court (R. 606); that the petitioner has since required and been put to further expense for the services of counsel in the Circuit Court of Appeals and in this Court;

Wherefore the petitioner moves that this Court by its mandate fix a reasonable attorney's fee for services in the Circuit Court of Appeals and in this Court, or direct the District Court to establish and determine such a fee, and to include the same within the costs of suit, or make such other order in the premises as may seem proper.

STORY PARCHMENT COMPANY,
By its Attorney,
EDWARD O. PROCTOR.

Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY AND KALAMAZOO VEGETABLE PARCHMENT COMPANY.

BRIEF IN SUPPORT OF MOTION.

The petitioner, plaintiff below, being entitled to recover damages against the defendants is entitled also to "the cost of suit, including a reasonable attorney's fee."

15 *U.S. Code*, sec. 15 (Act of October 15, 1914, sec. 4):

> "Any person who shall be injured in his business or property by reason of anything forbidden in the anti trust laws may sue therefor in any district court of the United States in the district in which the defendant resides or is found or has an agent, without respect to the amount in controversy, and shall recover threefold the damages by him sustained, and the cost of suit, including a reasonable attorney's fee."

A reasonable attorney's fee should include compensation not only for services in the trial Court, but also for those in the appellate Courts. Certainly, no one would deny that this would be true as between attorney and client.

But in this case the only allowance that has been made was for services in the District Court. It was not then clear that services in an appellate Court would be required, or what their character and extent would be, so that no part of the allowance made by the district judge can be considered as compensation for services to be rendered in the Circuit Court of Appeals or in this Court.

Accordingly a further allowance should be made, unless the statute intends that only an attorney's fee for services in the trial Court should be awarded.

There is no reason for implying any such limitation in the statute. The Act is in this respect in no sense a penal one. As has been said of similar statutes:

> "Manifestly, the purpose is merely to require the defendant to reimburse the plaintiff for a part of his expenses not otherwise recoverable as 'costs of suit.' So far as it goes, it imposes only compensatory damages upon a defendant who, in the judgment of the legislature, unreasonably delays and resists payment of a just demand. The outlay for an attorney's fee is a necessary consequence of the litigation and since it must fall upon one party or the other, it is reasonable to impose it upon the party whose refusal to pay a just claim renders the litigation necessary. The allowance of ordinary costs of suit to the prevailing party rests upon the same principle."
>
> *Missouri, K. & T. R. Co.* v. *Cade*, 233 U.S. 642, 651.

And again:

> "The contention that the provision for an attorney's fee for services in the suit is invalid as being purely arbitrary and as imposing a penalty for merely failing to pay a debt is without merit . . . One of its purposes

is to promote a close observance by carriers of duties so imposed; and that there is also a purpose to encourage the payment, without suit, of just demands does not militate against its validity."

Meeker & Company v. *Lehigh Valley R.R. Co.*, 236 U.S. 412.

Manifestly, if the purpose of the statute is to afford compensation for the outlay required to litigate a just claim, the compensation awarded should include the expense of proceedings in the appellate Courts.

It has been so held:

American Can Co. v. *Ladoga Canning Co.*, 44 Fed. (2d) 763, 773 (C.C.A. 7):

"The District Court, however, could not and doubtless did not take into consideration, the uncertain factor of a possible appeal, nor the legal services which might be rendered in case an appeal was prosecuted. Since the judgment was entered in the District Court, defendant has taken this appeal, and plaintiff's attorneys have rendered additional necessary and substantial legal services. Plaintiff should be allowed their reasonable value, which we fix at $3,500.

"The statute authorizing plaintiff's recovery of reasonable attorneys' fees directs their inclusion as a part of the costs. We find nothing in this statute which limits this allowance to services rendered in the District Court. Its terms are broad enough to include plaintiff's reasonable attorneys' fees necessarily incurred in any court wherein the cause was pending. A similar construction has been placed on a similar statute. *Davis* v. *Parrington*, (C.C.A.) 281 F. 10, 17; *Louisville & N. R. Co.* v. *Dickerson* (C.C.A.) 191 F. 705, 712."

As pointed out in the language just quoted, the decisions under those provisions of Interstate Commerce Act allowing "a reasonable attorney's fee" in suits to enforce orders of the Commission are to the effect that an additional allowance should be made for services in an appellate Court.

Davis v. *Parrington*, 281 Fed. 10, 17 (C.C.A. 9).
N.Y., N.H. & H. R.R. Co. v. *Ballou*, 242 Fed. 862, 868 (C.C.A. 9).
Louisville & N. R.R. Co. v. *Dickerson*, 191 Fed. 705, 712 (C.C.A. 6).
Mills v. *Lehigh Valley R. Co.*, 226 Fed. 812, 814 (D.C. E.D. Pa.).

The statute dealt with in those cases (49 U.S. Code, sec. 16 (2)), provided:

> ". . . If the petitioner shall finally prevail he shall be allowed a reasonable attorney's fee, to be taxed and collected as a part of the costs of the suit."

It is submitted that the particular provision quoted is in substance identical with that in the anti-trust laws here dealt with. In the first three cases quoted, however, an additional attorney's fee was allowed in the Circuit Court of Appeals; in the last it was allowed in the District Court. Though the right to such an allowance seems clear, it is uncertain whether it should be made by this Court or under the mandate of this Court in the District Court. The question of practice ought now to be settled.

Respectfully submitted,

EDWARD O. PROCTOR,
ISADORE LEVIN,
EDWARD C. PARK,
Attorneys for Petitioner.

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CHARLES ELMORE C

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1930

No. 57

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY
AND
KALAMAZOO VEGETABLE PARCHMENT COMPANY

BRIEF FOR DEFENDANTS IN OPPOSITION TO PLAINTIFF'S MOTION FOR ALLOWANCE OF COUNSEL FEES

The statute provides for "a reasonable attorney's fee." It does not provide for more than one.

The judgment which has been affirmed is that this attorney's fee is $27,500.00 (R. 14).

The Court fixed this as "a reasonable attorney's fee" (R. 13).

It was not limited to the services in the District Court. It was evident that services would be required on appeal to dispose of the pending exceptions. The allowance was very large, — over forty percent of the amount of damages which the jury found that the plaintiff had sustained (R. 13). No precedent appears for so very large a percentage.

To multiply by three requires no services of learned counsel. The statute does it on a simple motion.

By the judgment, the plaintiff is to receive full payment of this attorney's fee, full payment of the damages which the plaintiff has sustained and interest thereon, and $130,000 and interest as two hundred percent clear profit. This is an ample fund out of which to pay all counsel fees after which there will remain a very large unearned profit to the plaintiff.

The requirements of the statute have been satisfied. There is no requirement of justice that the plaintiff should profit further at the expense of the defendants.

The plaintiff's motion should be denied.

Respectfully submitted,

EDWARD F. McCLENNEN,
JOSEPH M. DOHAN,

Attorneys for Defendants.

March 14, 1931.

Office Supreme Court, U.S.
FILED
MAR 16 1931
CHARLES ELMORE CROPLEY
CLERK

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Supreme Court of the United States.

October Term, 1930.

No. 57.

Story Parchment Company

v.

The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company.

REPLY BRIEF IN SUPPORT OF MOTION FOR COUNSEL FEES.

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Supreme Court of the United States.

OCTOBER TERM, 1930.

No. 57.

STORY PARCHMENT COMPANY

v.

THE PATERSON PARCHMENT PAPER COMPANY

AND

KALAMAZOO VEGETABLE PARCHMENT COMPANY.

REPLY BRIEF IN SUPPORT OF MOTION FOR COUNSEL FEES.

It is said in the brief for defendants, of the attorney's fee fixed by the District Court for services in that court:

> "The allowance was very large,—over forty per cent of the amount of damages which the jury found that the plaintiff had sustained (R. 13). No precedent appears for so very large a percentage."

We do not know what precedents defendants' counsel had in mind. All that we have found (in which the question was considered) show larger percentages.

In *W. W. Montague & Co.* v. *Lowry*, 193 U.S. 38, the verdict was $500, and the District Court made an allowance, approved in this court, of $750.

In *American Can Co.* v. *Ladoga Canning Co.*, 44 Fed. (2d) 763 (C.C.A. 7) (certiorari denied January 12, 1931), the verdict was $30,000, and the District Court made an allowance of $15,000. A further allowance was made by the Circuit Court of Appeals for services in that court.

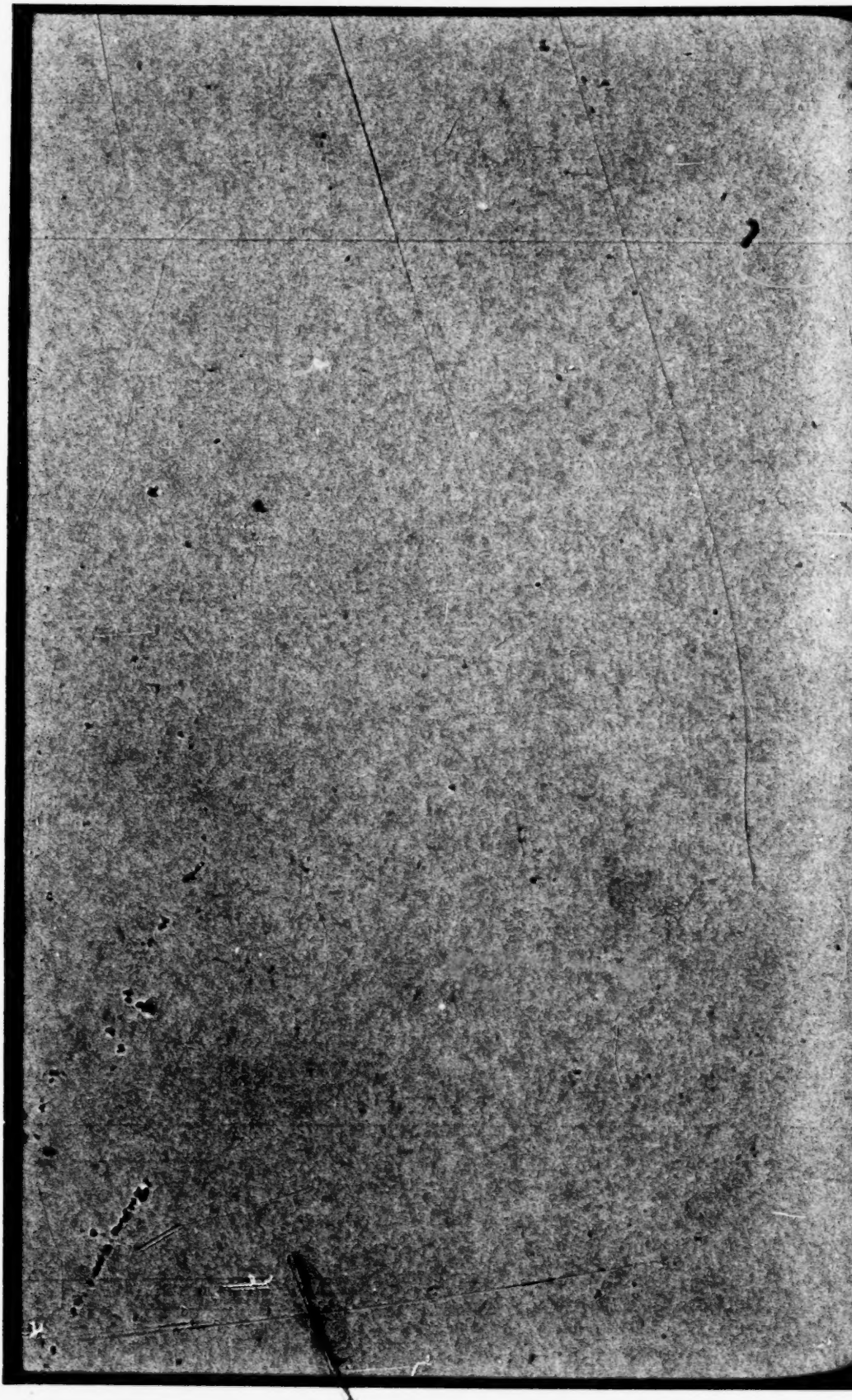
In *Straus* v. *Victor Talking Machine Co.*, 297 Fed. 791 (C.C.A. 2), the verdict was $49,698.71, and the District Court made an allowance of $35,000. On appeal the verdict was reduced, by eliminating one item of damage, to $33,894.71, and the attorney's fee to $30,000.

But, of course, as the cases cited show, a reasonable attorney's fee under the statute is not to be fixed by taking any particular percentage of the amount of a verdict. And see Canons of Professional Ethics of the American Bar Association, section 12.

Judged by proper standards the fee allowed by the District Court is a modest one. We think it should have been larger. But any question as to its amount is one of fact; upon which we assume that an appellate court would not pass.

Respectfully submitted,

EDWARD O. PROCTOR,
ISADORE LEVIN,
EDWARD C. PARK,
Attorneys for Petitioner.



SUPREME COURT OF THE UNITED STATES.

No. 57.—October Term, 1930.

Story Parchment Company, Petitioner, vs. The Paterson Parchment Paper Company and Kalamazoo Vegetable Parchment Company.	On Writ of Certiorari to the United States Circuit Court of Appeals for the First Circuit.

[February 24, 1931.]

Mr. Justice Sutherland delivered the opinion of the Court.

This is an action arising under the Sherman Anti Trust Act to recover damages resulting from an alleged conspiracy between respondents and West Carrollton Parchment Company, not joined for lack of jurisdiction, to monopolize interstate trade and commerce in vegetable parchment, exclude the petitioner therefrom, and destroy its business in such trade and commerce. A jury returned a verdict for petitioner in the sum of $65,000, but in the alternative for the respondents "if, as a matter of law, the plaintiff is not entitled to a verdict." The trial court approved the verdict and rendered judgment for treble the amount of the damages in accordance with § 7 of the act. On appeal to the circuit court of appeals, the judgment was vacated and the case remanded to the trial court with directions to enter judgment for respondents upon the ground that petitioner had not sustained the burden of proving that it had suffered recoverable damages. 37 F. (2d) 537.

Respondents seek to sustain this judgment upon that ground and also upon the additional ground, which the lower court found against them, that there was no evidence of a conspiracy or combination to monopolize interstate trade. Because there was no cross-petition for certiorari, petitioner insists that the additional ground is not open here for consideration. But respondents do not invoke that ground in order to overthrow the judgment below, but to sustain it; and this they may do. *Langnes* v. *Green*, 282 U. S. —, decided this day.

The point, however, is readily disposed of. There is evidence in the record to the effect that the three companies named, prior to

the time petitioner entered the field, had maintained uniform prices and enjoyed a substantial monopoly of the interstate trade in parchment paper. There is also evidence, sufficient to justify the action of the district court in submitting the issue to the jury, that after petitioner began business the three companies combined and conspired to continue this monopoly in violation of § 2 of the Sherman Anti Trust Act, c. 647, 26 Stat. 209. The verdict of the jury and the judgment thereon of the district court have the effect of a finding in favor of petitioner upon that issue; and to that extent the verdict and judgment were sustained by the court below. There is enough evidence in the record to preclude an interference on our part with these concurrent findings. That the petitioner was injured in its business and property as a result of this unlawful combination we think also finds sufficient support in the evidence. Questions in respect of the liability of the wrongdoers to respond in damages alone remain to be considered.

The trial court submitted to the jury for consideration only two items of damages, (1) the difference, if any, between the amounts actually realized by petitioner and what would have been realized by it from sales at reasonable prices except for the unlawful acts of the respondents; and (2) the extent to which the value of petitioner's property had been diminished as the result of such acts.

The view of the court of appeals that no recovery could be had in respect of the first item apparently rests upon its conclusions that there was no basis for a reasonable inference that prices in excess of those actually realized would have prevailed if there had been no combination; and that, in any event, there was no damage which could be measured and expressed in figures not based on speculation and conjecture.

There was evidence from which the jury reasonably could have found that in pursuance of the conspiracy respondents sold their goods below the point of fair profit, and finally below the cost of production; that petitioner had an efficient plant and sales organization, and was producing a quality of paper superior to that produced by either of the three companies; and that current prices, shown in detail, were higher during a period antedating the unlawful combination and price cutting in pursuance of it than afterward. It does not necessarily follow, of course, that these

higher prices would have continued except for the conspiracy, but it is fair to say that the natural and probable effect of the combination and price cutting would be to destroy normal prices; and there was evidence of the prices received by petitioner before the cut prices were put into operation, and those received after, showing actual and substantial reductions, and evidence from which the probable amount of the loss could be approximated. The trial court fairly instructed the jury in substance that if they were satisfied that the old prices were reasonable and that they would not have changed by reason of any economic condition, but would have been maintained except for the unlawful acts of the respondents, the jury might consider as an element of damages the difference between the prices actually received and what would have been received but for the unlawful conspiracy.

Upon a consideration of the evidence we are of opinion that it was open to the jury to find that the price cutting and the resulting lower prices were directly attributable to the unlawful combination; and that the assumption indulged by the court below, that respondents' acts would have been the same if they had been acting independently of one another, with the same resulting curtailment of prices, must be rejected as unsound.

Nor can we accept the view of that court that the verdict of the jury, in so far as it included damages for the first item, cannot stand because it was based upon mere speculation and conjecture. This characterization of the basis for the verdict is unwarranted. It is true that there was uncertainty as to the extent of the damage, but there was none as to the fact of damage; and there is a clear distinction between the measure of proof necessary to establish the fact that petitioner had sustained some damage, and the measure of proof necessary to enable the jury to fix the amount. The rule which precludes the recovery of uncertain damages applies to such as are not the certain result of the wrong, not to those damages which are definitely attributable to the wrong and only uncertain in respect of their amount. *Taylor* v. *Bradley*, 4 Abbott (N. Y. Ct. of App.) 363, 366-367:

"It is sometimes said that speculative damages cannot be recovered, because the amount is uncertain; but such remarks will generally be found applicable to such damages as it is uncertain whether sustained at all from the breach. Sometimes the claim is rejected as being too remote. This is another mode of saying

that it is uncertain whether such damages resulted necessarily and immediately from the breach complained of.

"The general rule is, that all damages resulting necessarily and immediately and directly from the breach are recoverable, and not those that are contingent and uncertain. The latter description embraces, as I think, such only as are not the certain result of the breach, and does not embrace such as are the certain result, but uncertain in amount."

Where the tort itself is of such a nature as to preclude the ascertainment of the amount of damages with certainty, it would be a perversion of fundamental principles of justice to deny all relief to the injured person, and thereby relieve the wrongdoer from making any amend for his acts. In such case, while the damages may not be determined by mere speculation or guess, it will be enough if the evidence show the extent of the damages as a matter of just and reasonable inference, although the result be only approximate. The wrongdoer is not entitled to complain that they cannot be measured with the exactness and precision that would be possible if the case, which he alone is responsible for making, were otherwise. *Eastman Co.* v. *Southern Photo Co.*, 273 U. S. 359, 379. Compare *The Seven Brothers*, 170 Fed. 126, 128; *Puc. etc. Co.* v. *Packers' Assn.* 138 Cal. 632, 638. As the Supreme Court of Michigan has forcefully declared, the risk of the uncertainty should be thrown upon the wrongdoer instead of upon the injured party. *Allison* v. *Chandler*, 11 Mich. 542, 550-556. That was a case sounding in tort, and at page 555 the court, speaking through Christiancy, J., said:

"But shall the injured party in an action of tort, which may happen to furnish no element of certainty, be allowed to recover no damages (or merely nominal), because he can not show the exact amount with certainty, though he is ready to show, to the satisfaction of the jury, that he has suffered large damages by the injury? Certainty, it is true, would thus be attained; but it would be the certainty of injustice.

. . . . . .

"Juries are allowed to act upon probable and inferential, as well as direct and positive proof. And when, from the nature of the case, the amount of the damages can not be estimated with certainty, or only a part of them can be so estimated, we can see no objection to placing before the jury all the facts and circumstances of the case, having any tendency to show damages, or their probable amount; so as to enable them to make the most intelligible and probable estimate which the nature of the case will permit."

And again in *Gilbert* v. *Kennedy*, 22 Mich. 117, 129 *et seq.*, also a tort action, the court, through the same eminent judge, pointed out that cases will often occur in which it is evident that large damages have resulted, but where no reliable data or element of certainty can be found by which to measure with accuracy the amount. Rejecting the view that in such cases the jury should give only nominal, that is, in effect, no damages, leaving the injured party without redress, the court said (p. 130):

"To deny the injured party the right to recover any actual damages in such cases, because they are of a nature which cannot be thus certainly measured, would be to enable parties to profit by, and speculate upon, their own wrongs, encourage violence and invite depredation. Such is not, and cannot be the law, though cases may be found where courts have laid down artificial and arbitrary rules which have produced such a result."

After pointing out that there could be no just principle requiring a higher degree of certainty in the evidence upon which the damages are to be estimated than in reference to other branches of the case, the court said that where from the nature of the case damages could not be measured with certainty by a fixed rule, the facts and circumstances tending to show the probable amount of such damages should be submitted to the jury to enable them to form

"such reasonable and probable estimate, as in the exercise of good sense and sound judgment they shall think will produce adequate compensation. There is no sound reason in such a case, as there may be, to some extent, in actions upon contract, for throwing *any part* of the loss upon the injured party, which the jury believe from the evidence he has sustained; though the precise amount cannot be ascertained by a fixed rule, but must be matter of opinion and probable estimate. And the adoption of any arbitrary rule in such a case, which will relieve the wrong-doer from any part of the damages, and throw the loss upon the injured party, would be little less than legalized robbery.

"Whatever of uncertainty there may be in this mode of estimating damages, is an uncertainty caused by the defendant's own wrongful act; and justice and sound public policy alike require that he should bear the risk of the uncertainty thus produced; . . . ."

As was said by Judge Anderson in his dissenting opinion below, there are many cases in which damages are allowed where the element of uncertainty is at least equal to that in the present case—as, for example, copyright and trade mark cases, cases of

unfair competition, and many cases of personal injury. See also *Straus* v. *Victor Talking Mach. Co.*, 297 Fed. 791, 802, a case very much like the present one, except that the plaintiffs were buyers and were compelled to pay higher prices for goods because of the unlawful acts of defendants, instead of being obliged, as here, to sell at lower prices. Numerous decisions are there cited in support of the statement, that "The constant tendency of the courts is to find some way in which damages can be awarded where a wrong has been done. Difficulty of ascertainment is no longer confused with right of recovery."

It is not easy to reconcile the decision in the present case with what was said by the same court in *Linen Thread Co.* v. *Shaw*, 9 F. (2d) 17, 19, namely, that "The rule that damages, if uncertain, cannot be recovered, applies to their nature, and not to their extent. If the damage is certain, the fact that its extent is uncertain does not prevent a recovery."

Disposing of the second item of damages, the court below, after referring to evidence tending to show that petitioner was not in a thriving financial condition, said that petitioner was without capital to meet the situation which it faced, even if there had been no conspiracy and there had been open competition; and that its failure was inevitable either from lack of capital or inefficient management or both. The court, therefore, concluded that petitioner had not sustained the burden of proving that the depreciation in value of its plant was due in any measurable degree to any violation of the Sherman Act by the respondents. But this conclusion rested upon inferences from facts within the exclusive province of the jury, and which could not be drawn by the court contrary to the verdict of the jury without usurping the functions of that fact finding body. Whether the unlawful acts of respondents or conditions apart from them constituted the proximate cause of the depreciation in value, was a question, upon the evidence in this record, for the jury "to be determined as a fact, in view of the circumstances of fact attending it." *Milwaukee, etc. Railway Co.* v. *Kellogg*, 94 U. S. 469, 474. And the finding of the jury upon that question must be allowed to stand unless all reasonable men, exercising an unprejudiced judgment, would draw an opposite conclusion from the facts. *Missouri, K. & T. Ry. Co.* v. *Byrne*, 100 Fed. 359, 363; *Travelers' Ins. Co.* v. *Melick*, 65 Fed. 178, 181; *Chicago G. W. Ry. Co.* v. *Price*, 97 Fed. 423, 429.

It would be going far here to say that this qualifying exception has been met.

There was evidence to the effect that petitioner's plant had cost $235,000, of which $90,000 had been used to purchase and install a parchmentizing machine. After petitioner had been compelled to close its business, as a result, we must now assume, of the unlawful acts of the respondents, this property for the purpose of that business was abandoned. That some depreciation in the value of the plant must have resulted is obvious. The treasurer of petitioner estimated the market value of the plant after it had been closed down at $75,000. If this estimate be accepted, the depreciation was far more than the entire amount of the verdict, which included both items of damages. It is true that the treasurer was an interested witness and that he was not an expert; and the court in its charge expressly directed the attention of the jury to those facts. But it was for the jury to determine the weight of the evidence, the credit to be given the witness, and the extent to which his testimony should be acted upon. That there was actual damage due to depreciation in value was not a matter of speculation, but a fact which could not be gainsaid. The amount alone was in doubt; and, in the light of the foregoing discussion as to the first item of damages, the proof is sufficiently certain and definite to support the verdict of the jury in that respect.

Other assignments of error made on the appeal from the district court were not considered by the court below. No argument in support of these assignments has been submitted here, and respondents assume that they will be remitted for the consideration of the court below if the judgment of that court be reversed. The entire record, however, is before this court with power to review the action of the court of appeals and direct such disposition of the case as that court might have made of it upon the appeal from the district court. *Lutcher & Moore Lumber Co.* v. *Knight*, 217 U. S. 257, 267; *Delk* v. *St. Louis & San Francisco R. R.*, 220 U. S. 580, 588. And see *Langnes* v. *Green*, *supra*. Accordingly, we have examined these assignments, some eight in number. One or more of them involve questions which have been disposed of by the foregoing opinion. We find nothing in any of the others of sufficient substance or materiality to call for consideration.

The judgment of the court of appeals is reversed and that of the district court affirmed.